



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

DEPARTMENT OF AGRARIAN
REFORM, represented by MS.
FRITZI C. PANTOJA in her capacity
as Provincial Agrarian Reform
Officer of Laguna,

Petitioner,

- versus -

IGMIDIO D. ROBLES, RANDY V.
ROBLES, MARY KRIST B.
MALIMBAN, ANNE JAMAICA G.
ROBLES, JOHN CARLO S.
ROBLES and CHRISTINE ANN V.
ROBLES,

Respondents.

G.R. No. 190482

Present:

VELASCO, JR., J., *Chairperson*,
PERALTA,
VILLARAMA, JR.,,
REYES, and
JARDELEZA, JJ.

Promulgated:

December 9, 2015

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DECISION

PERALTA, J.:

Before the Court is a petition for review on *certiorari* under Rule 45 of the Rules of Court, seeking to reverse and set aside the Court of Appeals (CA) Decision¹ dated May 29, 2009 and its Resolution² dated December 2, 2009 in CA-G.R. SP No. 104896.

The facts are as follows:

¹ Penned by Associate Justice Rosmari D. Carandang, with Associate Justices Mariflor P. Punzalan Castillo and Marlene Gonzales-Sison, concurring. CA rollo, pp. 48-59.

² *Id.* at 67-69.

During his lifetime, Eduardo Reyes, married to Nenita P. Reyes, was the registered owner of certain properties located at Barangay Ambiling, Magdalena, Laguna, covered by Transfer Certificate of Title (*TCT*) Nos. T-85055 and T-116506, with areas of about 195,366 and 7,431 square meters (*sq. m.*), respectively. He later caused the subdivision of the land covered by TCT No. T-85055 into five (5) lots.

On April 17, 1997, Eduardo sold the said properties to respondents, as follows:

1. Igmidio D. Robles – Lot 6-B-1 of TCT No. T-85055, 38,829 sq. m.;
2. Randy V. Robles – Lot 6-B-2 of TCT No. T-85055, 39,896 sq. m.;
3. Mary Krist B. Malimban – Lot No 6-B-3 of TCT No. T-85055, 38,904 sq. m.;
4. Anne Jamaca G. Robles – Lot No. 6-B-4 of TCT No. T-85055, 38,595 sq. m.;
5. John Carlo S. Robles – Lot No. 6-B-5 of TCT No. T-85055, 39,142 sq. m.; and
6. Christine Anne V. Robles – Lot No. 3-1-2-C-2-G-3 of TCT No. T-116506, 7,431 sq. m.

On May 3, 2005, the deeds of absolute sale covering the properties were duly registered with the Registry of Deeds for the Province of Laguna in the names of respondents under the following TCT Nos.:

1. Igmidio D. Robles – TCT No. T-238504;
2. Randy V. Robles – TCT No. T-238305;
3. Mary Krist B. Malimban – TCT No. T-238506;
4. Anne Jamaca G. Robles – TCT No. T-238507;
5. John Carlo S. Robles – TCT No. T-238503; and
6. Christine Anne V. Robles – TCT No. 238502.

On May 26, 2006, petitioner Department of Agrarian Reform (*DAR*) Region IV-A Laguna Provincial Office, represented by Fritzi C. Pantoja in her capacity as Provincial Agrarian Reform Officer II (*PARO*), filed Petition for Annulment of Deeds of Absolute Sale and Cancellation of Transfer Certificates of Title Nos. T-238502, T-238503, T-238504, T-238505, T-238506 and T-238507. It alleged that the deeds of absolute sale were executed by Eduardo without prior *DAR* clearance under Administrative Order No. 01-89, series of 1989,³ in violation of Section 6, paragraph 4⁴ of

³ Rules of Procedure Governing Land Transactions.

⁴ Section 6. *Retention Limits*. — Except as otherwise provided in this Act, no person may own or retain, directly or indirectly, any public or private agricultural land, the size of which shall vary according to factors governing a viable family-size farm, such as commodity produced, terrain, infrastructure, and soil fertility as determined by the Presidential Agrarian Reform Council (*PARC*) created hereunder, but in no case shall retention by the landowner exceed five (5) hectares. Three (3) hectares may be awarded to each child of the landowner, subject to the following qualifications: (1) that he is at least fifteen (15) years of

Republic Act (R.A.) No. 6657, otherwise known as the Comprehensive Agrarian Reform Law of 1988, as amended (*CARL*).

On September 9, 2006, respondents received a Summons and Notice of Hearing, together with a copy of the said petition from the Office of the Provincial Adjudicator, Department of Agrarian Reform Adjudication Board (*DARAB*), Region IV, requiring them to answer the petition and appear for the initial preliminary conference set on October 10, 2006. Thus, they filed their Answer and Supplemental Answer to the petition.

On October 10 and 23, 2006, Julieta R. Gonzales and Nenita Reyes, the surviving spouse and the daughter of Eduardo, respectively, filed a motion to dismiss on the ground that the *DARAB* has no jurisdiction over the nature of the action and the subject matter of the case, and that the *DAR* has no cause of action against them.

On November 2, 2006, respondents filed a Manifestation adopting the motion to dismiss filed by Julieta and Nenita.

On November 30, 2006, the *DARAB* Provincial Adjudicator issued a Resolution denying the motion to dismiss for lack of merit.

Julieta and Nenita filed a motion for reconsideration.

At the hearing on January 24, 2008, respondents, through counsel, manifested that they are joining the motion for reconsideration filed by Julieta and Nenita.

On February 7, 2008, the Provincial Adjudicator issued another Resolution dismissing the case against Julieta and Nenita for lack of cause of action, but not against respondents.

age; and (2) that he is actually tilling the land or directly managing the farm: provided, that landowners whose lands have been covered by Presidential Decree No. 27 shall be allowed to keep the areas originally retained by them thereunder: provided, further, that original homestead grantees or their direct compulsory heirs who still own the original homestead at the time of the approval of this Act shall retain the same areas as long as they continue to cultivate said homestead.

x x x x

Upon the effectivity of this Act, any sale, disposition, lease, management, contract or transfer of possession of private lands executed by the original landowner in violation of the Act shall be null and void: provided, however, that those executed prior to this Act shall be valid only when registered with the Register of Deeds within a period of three (3) months after the effectivity of this Act. Thereafter, all Registers of Deeds shall inform the Department of Agrarian Reform (DAR) within thirty (30) days of any transaction involving agricultural lands in excess of five (5) hectares. (Emphasis added)

Respondents then filed their motion to reconsider the Resolution dated February 7, 2008 and to defer the preliminary conference set on March 13, 2008.

On June 26, 2008, the Provincial Adjudicator issued a Resolution denying respondents' motion for reconsideration, and setting the preliminary conference anew on August 28, 2008.

Aggrieved by the Provincial Adjudicator's Resolutions, respondents filed with the CA a petition for review under Rule 43 of the Rules of Court.

On May 29, 2009, the CA rendered the assailed Decision, the dispositive portion of which reads:

WHEREFORE, the instant petition is **GRANTED**. The three (3) questioned Resolutions of the PARAD dated 30 November 2006, 7 February 2008 and 26 June 2008 are all **REVERSED AND SET ASIDE**. The DAR's petition before the PARAD is hereby **DISMISSED** for lack of jurisdiction.

SO ORDERED.⁵

In dismissing the DAR's petition for annulment of deeds of sale and cancellation of titles before the PARAD for lack of jurisdiction, the CA held:

In this case before us, the DAR's petition before the PARAD sought to annul the deeds of absolute sale as well as the subsequently issued torrens titles. Surprisingly, however, the said petition was not brought for or on behalf of any purported tenants, farmworkers or some other beneficiaries under RA 6657. While the said petition claimed, without any supporting documents/evidence however, that DAR was in the process of generating CLOAs for the said landholding, it did subsequently admit that the same petition does not seek to place the subject land "immediately under CARP" but rather to annul the conveyance of the original owner in favor of the petitioners since this was allegedly in violation of RA 6657. Without any averment of some tenurial arrangement/relationship between the original owner and some definite leaseholder, tenant or CARL beneficiary plus the admission that the land has not yet been placed under CARP, neither DARAB nor its adjudicators would have jurisdiction over a simple case of annulment of sale and cancellation of title. Considering that the subject landholding were sold to petitioners way before any *notice of coverage* was ever issued and torrens titles have subsequently been issued in their favor, it is the regular courts who should determine if indeed there were certain violations of the law which would justify annulment of the sales and cancellation of the titles.

⁵ *Rollo*, p. 58. (Emphasis ours)

Still on the said *notice of coverage*, a review of the pertinent documents reveals that the same was not issued to the present owners but to the heirs of the late Eduardo Reyes. Thus, not only was the notice of coverage belatedly issued to the wrong person/s for the said heirs to whom the notice of coverage was issued were in fact dismissed from the original petition before the PARAD. Next, DAR argues that a notice of coverage need not be issued to the present owners/petitioners otherwise it would validate or recognize the purported irregular or illegal transfer or conveyance. We find it foolhardy for DAR to argue this way when the very fact of issuance of the *notice of coverage* was one of its main anchors in its petition for annulment and cancellation of title before the PARAD.

DAR also cites Section 4 of RA 6657 which refers to the scope of CARL. While the scope under the said provision is quite encompassing, the same will not automatically include every agricultural land. In *Dandoy v. Tongson*, the High Tribunal was explicit,

“(T)he fact that Lot No. 294 is an agricultural land does not ipso facto make it an agrarian dispute within the jurisdiction of the DARAB. For the present case to fall within the DARAB jurisdiction, there must exist a tenancy relationship between the parties. An allegation that an agricultural tenant tilled the land in question does not make the case an agrarian dispute.”

Again, the High Court reiterated the necessity of a tenurial arrangement/ relationship in order for a case to be classified as an agrarian dispute within the jurisdiction of the DARAB or its adjudicators. While we are mindful not to preempt any subsequent inquiry on the matter, we would just like to take note of the fact that petitioners also offered documents to show that the subject land/s were free of any tenants at the time these were sold to them. Even without ruling on the authenticity of this evidence, the same further casts doubt on the existence of any tenurial arrangement or relationship which could or may bring the present controversy into the folds of the DARAB.

Besides, RA 6657, particularly Section 16 thereof, lays down the very procedure for the acquisition of private lands for coverage of the CARL. And DAR's belated issuance of the notice of coverage miserably falls short of the above-cited procedures.

It is very clear that the relief sought by the DAR, annulment of the contracts and cancellation of titles, would necessarily involve the adjustment/adjudication of the private rights of the parties to the sale, which is beyond the jurisdiction of the DARAB to resolve.⁶

The DAR filed a motion for reconsideration, but the CA denied it in a Resolution⁷ dated December 2, 2009.

⁶ *Id.* at 55-58.

⁷ *Id.* at 67-70.

Dissatisfied with the CA Decision, the DAR filed a petition for review on *certiorari* raising the sole issue, to wit:

WHETHER OR NOT THE DAR ADJUDICATION BOARD HAS JURISDICTION OVER ANNULMENT OF DEEDS OF ABSOLUTE SALE AND THE SUBSEQUENT CANCELLATION OF TITLES INVOLVING LANDS UNDER THE ADMINISTRATION AND DISPOSITION OF THE DEPARTMENT OF AGRARIAN REFORM.⁸

Citing the DAR Memorandum Circular No. 2,⁹ Series of 2001,¹⁰ the DAR argues that its petition for annulment of deeds of sale and cancellation of titles falls under the jurisdiction of the DARAB, and that such jurisdiction is not limited to agrarian disputes, but also on other matters or incident involving the implementation of all agrarian laws. Invoking Section 1,¹¹ Rule II of the 2003 DARAB Rules of Procedure, it questions the CA ruling that disputes cognizable by the DARAB are limited to those which involve some kind of tenurial arrangement/relationship, and that only lands under the administration and disposition of the DAR or the Land Bank of the Philippines (*LBP*) are subject to the DARAB jurisdiction.

The DAR also claims that the CA overlooked that the notices of coverage issued by the Municipal Agrarian Reform Officer (*MARO*) of Magdalena, Laguna, were duly served to the heirs of Eduardo, namely, Julieta and Nenita. It stresses that despite claiming no interest as successors over the subject properties in their motion to dismiss filed before the

⁸ *Id.* at 13.

⁹ If there was illegal transfer, file a petition for annulment of deed of conveyance in behalf of the PARO before the Provincial Agrarian Reform Adjudicator (PARAD). The petition shall state the material facts constituting the violation and pray for the issuance of an order from the PARAD directing the ROD to cancel the deed of conveyance and the TCT generated as a result thereof. As legal basis therefore, the petition shall cite Section 50 of RA 6657 and Rule II, Section 1(c) and (e) of the DARAB Rules of Procedure.

¹⁰ Guidelines on Annulment of Deeds of Conveyance of Lands covered by the Comprehensive Agrarian Reform Program (CARP) executed in violation of Section 6, Paragraph 4 of Republic Act No. 6657.

¹¹ Section 1. Primary and Exclusive Original Jurisdiction.

The Adjudicator shall have the primary and exclusive original jurisdiction to determine and adjudicate the following case:

x x x x

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*); x x x

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

x x x x

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 settlements and resettlement areas under the administration and disposition of the DAR.

DARAB, the letter of Atty. Norberto Gonzales dated February 21, 2005 to MARO Cuaresma showed that Julieta and Nenita were opposing the coverage of the said properties under the CARL. It thus concludes that the subject properties were placed under the coverage of the compulsory acquisition scheme of the CARL.

The DAR further takes exception to the CA ruling that the notice of coverage was issued to the heirs of Eduardo, instead of the present owners, respondents. It explains that only after such notice was issued to the said heirs in 2005 and upon verification with the Register of Deeds that it found out that the property was already transferred to respondents. It further argues that the notice of coverage need not be issued to the present title holders (respondents) because if such notice will be issued to them, then it would validate or recognize the purported irregular or illegal transfer or conveyance.

Finally, the DAR contends that under Section 4 of RA 6657, the CARP covers, among other things, all private lands devoted to or suitable for agriculture, regardless of the agricultural products raised or that can be raised thereon, and that such provision makes no qualification that only lands issued with notice of coverage are covered. Applying the statutory construction principle of *exclusio unius est exclusio alterius*, it posits that there being no showing that the subject agricultural lands are exempted from the CARP, then they are covered and deemed under the administration and disposition of the DAR. Hence, its petition for annulment of deeds of sale and cancellation of titles is cognizable by the DARAB.

On the other hand, respondents counter that the CA did not err in dismissing for lack of jurisdiction DAR's petition for annulment of deeds of sale and cancellation of titles before the DARAB because such case neither involves an agrarian dispute nor does the case concern an agricultural land under the administration and disposition of the DAR or the LBP. Citing the definition of "agrarian dispute" under Section 3 (d)¹² of R.A. No. 6657 and jurisprudence to the effect that there must exist a tenancy relationship between the parties for DARAB to have jurisdiction over a case, respondents point out that the petition was not brought for and on behalf of any purported tenants, farmworker or some other beneficiaries and the notice of coverage

¹² (d) Agrarian Dispute refers to any controversy relating to tenurial arrangements, whether leasehold, tenancy, stewardship or otherwise, over lands devoted to agriculture, including disputes concerning farmworkers' associations or representation of persons in negotiating, fixing, maintaining, changing, or seeking to arrange terms or conditions of such tenurial arrangements. It includes any controversy relating to compensation of lands acquired under this Act and other terms and conditions of transfer of ownership from landowners to farmworkers, tenants and other agrarian reform beneficiaries, whether the disputants stand in the proximate relation of farm operator and beneficiary, landowner and tenant, or lessor and lessee.

was belatedly issued to the wrong persons, the heirs of Eduardo, and not to them who are the present owners. Hence, there was no valid notice of coverage to place the properties within the coverage of agrarian reform and of DARAB's jurisdiction.

Respondents also reject as inaccurate and misleading petitioner's contention that the DARAB has jurisdiction over cases involving the sale of agricultural lands and those cases involving the annulment or rescission of deeds of sale, and the cancellation of titles pertaining to such lands, pursuant to Section 1 (1.5) and (1.9), Rule II of the 2003 DARAB Rules of Procedure.¹³ They insist that for the Adjudicator to have jurisdiction over a case, the agricultural land involved—unlike the subject properties—must be under the coverage of the CARL or other agrarian laws, or under the administration and disposition of the DAR or the LBP, *i.e.*, the land involved must already be taken or acquired for CARP purposes for distribution to qualified farmer-beneficiaries.

Respondents stress that the certificates of title of Eduardo and the derivative TCTs issued to them were all free from liens and encumbrances, and that there was no annotation of any disposition of the properties or limitation on the use thereof by virtue of, or pursuant to Presidential Decree (*P.D.*) No. 27, CARL or any other law or regulations on agrarian reform inscribed on the titles. They argue that since no such annotations, like a notice of coverage or acquisition by DAR, were inscribed on Eduardo's titles which will caution respondents and/or the Register of Deeds of the Province of Laguna from registering the titles and deeds, prior DAR clearance is unnecessary. Thus, the properties embraced by Eduardo's titles are outside the coverage of CARP and registerable.

Lastly, respondents claim to be innocent purchasers in good faith and for value because they bought the subject properties and paid a full and fair price without notice of some other person's claim on or interest in them. They also seek refuge under Section 32 of P.D. No. 1529 which provides that after the expiration of one (1) year from and after the date of entry of the decree of registration, not only such decree but also the corresponding

¹³ Section 1. *Primary and Exclusive Original Jurisdiction.*

The Adjudicator shall have the primary and exclusive original jurisdiction to determine and adjudicate the following case:

x x x x

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

x x x x

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 settlements and resettlement areas under the administration and disposition of the DAR.

certificate of title, becomes incontrovertible and infeasible, and cannot be altered, modified, cancelled, or subject to any collateral attack, except in a direct proceeding in accordance with law.

The petition is meritorious.

In resolving the sole issue of whether or not the DARAB has jurisdiction over the DAR's petition for annulment of deeds of sale and cancellation of titles, the Court is guided by the following rules on jurisdiction laid down in *Heirs of Julian dela Cruz v. Heirs of Alberto Cruz*:¹⁴

It is axiomatic that the jurisdiction of a tribunal, including a quasi-judicial officer or government agency, 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. 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. Moreover, estoppel does not apply to confer jurisdiction to a tribunal that has none over the cause of action. The failure of the parties to challenge the jurisdiction of the DARAB does not prevent the court from addressing the issue, especially where the DARAB's lack of jurisdiction is apparent on the face of the complaint or petition.

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. 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. 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. The proceedings before a court or tribunal without jurisdiction, including its decision, are null and void, hence, susceptible to direct and collateral attacks.¹⁵

In *Department of Agrarian Reform v. Paramount Holdings Equities, Inc.*,¹⁶ the Court defined the limits of the quasi-judicial power of DARAB, thus:

The jurisdiction of the DARAB is limited under the law, as it was created under Executive Order (E.O.) No. 129-A specifically to assume powers and functions with respect to the adjudication of agrarian reform cases under E.O. No. 229 and E.O. No. 129-A. Significantly, it was

¹⁴ 512 Phil. 389, 400-401(2005).

¹⁵ *Heirs of Julian dela Cruz v. Heirs of Alberto Cruz*, *supra*, at 755-757.

¹⁶ G.R. No. 176838, June 13, 2013, 698 SCRA 324, 333.

organized under the Office of the Secretary of Agrarian Reform. The limitation on the authority of it to mere agrarian reform matters is only consistent with the extent of DAR's quasi-judicial powers under R.A. No. 6657 and E.O. No. 229, which read:

SECTION 50 [of R.A. No. 6657]. 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).

SECTION 17 [of E.O. No. 229]. Quasi-Judicial Powers of the DAR.—The DAR is hereby vested with **quasi-judicial powers to determine and adjudicate 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).¹⁷

In *Sta. Rosa Realty Development Corporation v. Amante*,¹⁸ the Court pointed out that the jurisdiction of the DAR under the aforementioned provisions is two-fold. The first is essentially executive and pertains to the enforcement and administration of the laws, carrying them into practical operation and enforcing their due observance, while the second is quasi-judicial and involves the determination of rights and obligations of the parties.

At the time the petition for annulment of deeds of sale and cancellation of titles was filed on May 26, 2006, the administrative function of the DAR was governed by Administrative Order No. 03, Series of 2003 which provides for the 2003 Rules of Procedure for Agrarian Law Implementation (ALI) Cases. Under said Rules of Procedure, the Regional Director¹⁹ has primary jurisdiction over all ALI cases, while the DAR Secretary²⁰ has appellate jurisdiction over such cases. Section 2 of the said Rules provides:

¹⁷ Emphasis added.

¹⁸ 493 Phil. 570, 606 (2005).

¹⁹ Rule II, Section 7. General Jurisdiction. The Regional Director shall exercise primary jurisdiction over all agrarian law implementation cases except when a separate special rule vests primary jurisdiction in a different DAR office.

²⁰ Rule II, Section 10. Appellate Jurisdiction. The Secretary shall exercise appellate jurisdiction over all ALI cases and may delegate the resolution of appeals to any Undersecretary.

Section 2. *ALI Cases*. These Rules shall govern all cases arising from or involving:

2.1 Classification and identification of landholdings for coverage under the agrarian reform program and the initial issuance of Certificate of Land Ownership Awards (CLOAs) and Emancipation Patents (EPs), including protests or oppositions thereto and petitions for lifting of such coverage.

2.2 Classification, identification, inclusion, exclusion, qualification or disqualification of potential/actual farmer-beneficiaries;

2.3 Subdivision surveys of land under Comprehensive Agrarian Reform Program (CARP)

2.4 Recall, or cancellation of provisional release rentals, Certificates of Land Transfers (CLTs), and CARP Beneficiary Certificates (CBCs) in cases outside the purview of Presidential Decree (P.D.) No. 816, including the issuance, recall or cancellation of Emancipation Patents (EPs) or Certificates of Land Ownership Awards (CLOAs) not yet registered with the Register of Deeds;

2.5 Exercise of the right of retention by the landowner;

2.6 Application for exemption from coverage under Section 10 of RA 6657;

2.7 Application for exemption pursuant to Department of Justice (DOJ) Opinion No. 44 (1990)

2.8 Exclusion from CARP coverage of agricultural land used for livestock, swine, and poultry raising;

2.9 Cases of exemption/exclusion of fishpond and prawn farms from the coverage of CARP pursuant to RA 7881;

2.10 Issuance of Certificate of Exemption for land subject to Voluntary Offer to Sell (VOS) and Compulsory Acquisition (CA) found unsuitable for agricultural purposes;

2.11 Application for conversion of agricultural land to residential, commercial, industrial or other non agricultural uses and purposes including protests or oppositions thereto;

2.12 Determination of rights of agrarian reform beneficiaries to homelots;

2.13 Disposition of excess area of the tenant's/farmer-beneficiary's landholdings;

2.14 Increase in area of tillage of a tenant/farmer-beneficiary;

2.15 Conflict of claims in landed estates administered by the DAR and its predecessors; and

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

On the other hand, in the exercise of its quasi-judicial function, the DAR, through its adjudication arm, *i.e.*, the DARAB and its regional and provincial adjudication boards, adopted the 2003 DARAB Rules of Procedure. Under Section 2, Rule II of the said Rules of Procedure, the DARAB shall have exclusive appellate jurisdiction to review, reverse, modify, alter, or affirm resolutions, orders, and decisions of its Adjudicators

who have primary and exclusive original jurisdiction over the following cases:

Rule II
Jurisdiction of the Board and its 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 Republic Act (RA) No. 6657, otherwise known as the Comprehensive Agrarian Reform Law (CARL), 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, cancellation, secondary and subsequent issuances of Certificates of Land Ownership Award (CLOAs) and Emancipation Patents (EPs) which are registered with the Land Registration Authority;

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 RA 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 re-settlement 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;

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

Section 3, Rule II of the 2003 DARAB Rules of Procedure further states that the Adjudicator or the Board shall have no jurisdiction over matters involving the administrative implementation of R.A. No. 6657, otherwise known as the Comprehensive Agrarian Reform Law of 1988 and other agrarian laws as enunciated by pertinent rules and administrative orders, which shall be under the exclusive prerogative of and cognizable by the Office of the Secretary of the DAR in accordance with his issuances.

Meanwhile, the Regional Trial Courts (*RTCs*) have not been completely divested of jurisdiction over agrarian reform matters.²¹ Section 56 of RA 6657 confers “special jurisdiction” on “Special Agrarian Courts,” which are *RTCs* designated by the Court — at least one (1) branch within each province — to act as such. As Special Agrarian Courts (*SACs*), these *RTCs* have, according to Section 57 of the same law, original and exclusive jurisdiction over “all petitions for the determination of just compensation to land-owners” and “the prosecution of all criminal offenses under . . . [the] Act.”²²

In order to determine in accordance with the foregoing provisions which among the DARAB and the Office of the Secretary of DAR, and the *SACs* has jurisdiction over the nature and subject matter of the petition for annulment of the deeds of sale executed by Eduardo in favor of respondents and the cancellation of the *TCTs* issued to them, it is necessary to examine the following allegations therein and the character of the relief sought, irrespective whether the petitioner is entitled thereto.²³

4.1 The late Eduardo Reyes was the original registered owner of TCT 85055 and TCT 116506, an agricultural land situated at Brgy. Ambling, Magdalena, Laguna, consisting of 195,366 sq. meters and 7,431 sq. meters, respectively.

²¹ *Vda. de Tangub v. Court of Appeals*, 270 Phil. 88, 97 (1990).

²² *Id.*

²³ *Heirs of Candido Del Rosario v. Del Rosario*, G.R. No. 181548, June 20, 2012, 674 SCRA 180, 191-192.

4.2 The land described under TCT 85055 was issued a notice of coverage under the Compulsory Acquisition (CA) scheme pursuant to Section 7 of R.A. 6657. Subdivision plan over this property has been approved and the DAR is now on the process of generating the Certificate of Land Ownership Award (CLOA) to the qualified recipient of the government's land reform program. However, pending processing of the case folder, the DAR Municipal Office in Magdalena received on September 8, 2005 a letter coming from Atty. Homer Antazo, the alleged counsel of Igmidio Robles and Christina Robles informing the MAR Office of the subsequent sale of the property in their favor attaching documents in support of their claim. It was only then, **after proper verification with the Register of Deeds that the DAR found out that indeed the properties under TCT-T-85055 and TCT T-116506 were all conveyed and transferred in favor of the herein private respondents by well intentioned deeds of absolute sale executed in 1997. xxx Subsequently, by virtue of such deeds of sale the Registry of Deeds caused the cancellation of TCT T-85055 and TCT 116506 and the issuance of new titles in private respondents' favor without securing the necessary clearance from the DAR as mandated under Administrative Order No. 1 series of 1989. xxx The said titles were issued arbitrarily and in clear violation of Section 6 of R.A. 6657, hence null and void. xxx**

4.3 Public respondent Registry of Deeds might [have] overlooked the transaction entered into and misplaced knowledge on these big track of landholdings when it proceeded with the registration of the deeds of sale and the subsequent cancellation of TCT 85055 and TCT 116506.

4.4 The Registry of Deeds was probably not aware and mindful on **the extent of properties of Eduardo Reyes, that it exceeded more than the retention limit** but, thru machinations and crafty action exerted to by the parties to accomplish an evil end, the immediate cancellation was brought to completion.

4.5 Hence, because it was tainted with fraud and bad faith, said certificate of titles cannot enjoy the presumption of having been issued by the register of deeds in the regular performance of its official duty;

4.6 That, as a consequence of swift and speedy cancellation of TCT 85055 and TCT 116506 and the instantaneous issuance of titles, the DAR, because of this intervening development cannot now continue with the generation of CLOA, prompting the filing of the instant petition.

5. PRAYER

WHEREFORE, above premises considered, it is most respectfully prayed of this Honorable Adjudication Board that after due notice and hearing, judgment be rendered annulling the Deeds of Absolute Sale executed by the late Eduardo Reyes in favor of the herein private respondents and the subsequent cancellation of the issued transfer certificate of titles.

Petitioner likewise pray for such other relief and remedies as this Honorable Board may deem just and equitable under the premises.²⁴

Although no tenancy or agrarian relationship between the parties can be gleaned from the allegations of the petition in order to be considered an agrarian dispute within the DARAB's jurisdiction, the Court notes that the petition is anchored on the absence of a clearance for the sale and registration of the subject agricultural lands in favor of respondents, as required by DAR Administrative Order No. 1, series of 1989 (*A.O. No. 01-89*)²⁵ or the Rules and Procedures Governing Land Transaction. Clearly, such petition involves the matter of implementation of agrarian laws which is, as a general rule, within the primary jurisdiction of the DAR Regional Director.

It bears stressing that while the rule is that DARAB's jurisdiction is limited to agrarian disputes where tenancy relationship between the parties exists, Section 50 of R.A. No. 6657 and Section 17 of E.O. No. 229 both plainly state that the DAR is vested with the primary jurisdiction to determine and adjudicate agrarian reform matters. It is also noteworthy that while Section 3(d)²⁶ of R.A. No. 6657 defined the term "agrarian dispute," no specific definition was given by the same law to the term "agrarian reform matters." In view thereof, the Court cannot restrict the DARAB's quasi-judicial jurisdiction only to those involving agrarian disputes where tenancy relationship exists between the parties, for it should also include other "agrarian reform matters" which do not fall under the exclusive jurisdiction of the Office of the Secretary of DAR, the Department of Agriculture and the Department of Environment and Natural Resources, as well as the Special Agrarian Courts.

Although they are not deemed as "agrarian disputes" falling under the DARAB's jurisdiction, "[s]uch other agrarian cases, disputes, matters or concerns" referred to the Adjudicator by the Secretary of the DAR pursuant to Section 1 (1.13), Rule II of the 2003 DARAB Rules of Procedure, are still considered as "agrarian reform matters." A case in point is the DAR's petition for annulment of deeds of sale and annulment of titles executed in violation of the provision Section 6, par. 4 of RA 6657. Despite being an agrarian law implementation case, the Secretary of the DAR expressly

²⁴ CA *rollo*, pp. 39-41. (Emphasis added.)

²⁵ Adopted: January 3, 1989; Effective: January 26, 1989.

²⁶ (d) Agrarian Dispute refers to any controversy relating to tenurial arrangements, whether leasehold, tenancy, stewardship or otherwise, over lands devoted to agriculture, including disputes concerning farmworkers' associations or representation of persons in negotiating, fixing, maintaining, changing, or seeking to arrange terms or conditions of such tenurial arrangements.

It includes any controversy relating to compensation of lands acquired under this Act and other terms and conditions of transfer of ownership from landowners to farmworkers, tenants and other agrarian reform beneficiaries, whether the disputants stand in the proximate relation of farm operator and beneficiary, landowner and tenant, or lessor and lessee.

referred jurisdiction over such petition to the Provincial Adjudicator of the DARAB through Memorandum Circular (M.C.) No. 02-01²⁷ on the Guidelines on Annulment of Deeds of Conveyance of Lands Covered by the Comprehensive Agrarian Reform Program (CARP) Executed in Violation of Section 6, Paragraph 4 of Republic Act (RA) No. 6657. Section 4 of DAR M.C. No. 02-01 pertinently provides:

b) The Chief, Legal Division, of the Provincial Agrarian Reform Office, shall have the following responsibilities:

1. Upon receipt of the MARO report, determine whether or not there was illegal transfer of agricultural lands pursuant to Sec. 6, par. 4 of RA 6657;
2. **If there was illegal transfer, file a petition for annulment of the deed of conveyance in behalf of the PARO before the Provincial Agrarian Reform Adjudicator (PARAD).** The petition shall state the material facts constituting the violation and pray for the issuance of an order from the PARAD directing the ROD to cancel the deed of conveyance and the TCT generated as a result thereof. As legal basis therefor, the petition shall cite Section 50 of RA 6657 and Rule II, Section 1(c) and (e) of the [1994] DARAB New Rules of Procedure;²⁸

Concededly, the properties subject of the petition for annulment of deeds of sale and cancellation of titles cannot be considered as lands under the administration of the DAR or LBP, *i.e.*, those already acquired for CARP purposes and distributed to qualified farmer-beneficiaries.²⁹ Hence, such petition is outside the DARAB jurisdiction under Section 1 (1.9),³⁰ Rule II of the 2003 DARAB Rules of Procedure.

Nevertheless, it can be gathered from the allegations in the petition that the subject properties Eduardo conveyed and transferred to respondents are agricultural lands in excess of the 5-hectare (50,000 sq. m.) retention limit of the CARL, and that the corresponding TCTs were later issued and registered in their names without the necessary clearance under DAR A.O. No. 1, series of 1989.

²⁷ Adopted: January 9, 2001; Effective: January 23, 2001.

²⁸ Emphasis added.

²⁹ *Dandoy v. Tongson*, 514 Phil. 384, 391 (2005).

³⁰ 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 settlements and resettlement areas under the administration and disposition of the DAR.

In *Sarne v. Hon. Maquiling*,³¹ the Court construed the phrase “agricultural lands under the coverage of the CARP” under Section 1(e),³² in relation to Section 1 (c),³³ Rule II of the 1994 DARAB Rules of Procedure, which are similarly-worded as Sections 1 (1.3) and (1.5), Rule II of the 2003 DARAB Rules of Procedure, thus:³⁴

It is clear that the jurisdiction of the DARAB in this case is anchored on Section 1, paragraph (e), Rule II of the [1994] DARAB New Rules of Procedure covering agrarian disputes involving the sale, alienation, mortgage, foreclosure, preemption and redemption of agricultural lands under the coverage of the CARP or other agrarian laws. There is nothing in the provision from which it can be inferred that the jurisdiction of the DARAB is limited only to agricultural lands under the administration and disposition of DAR and LBP. We should not distinguish where the law does not distinguish. **The phrase "agricultural lands under the coverage of the CARP" includes all private lands devoted to or suitable for agriculture, as defined under Section 4 of R.A. No. 6657.** It is worthy to note that in the enumeration defining the DARAB's jurisdiction, it is only in paragraph (c), that is, cases involving the annulment or cancellation of lease contracts or deeds of sale or their amendments involving lands, that the phrase "involving lands under the administration and disposition of the DAR or LBP" is used. That the same proviso does not appear in paragraph (e), which is the basis of respondents' cause of action, could only mean that it was never intended to be so limited. xxx³⁵

Contrary to the view of the CA and the respondents, therefore, a notice of coverage is not necessary in order for the DARAB to have jurisdiction over a case that involves the sale or alienation of agricultural lands “under the coverage of the CARP” pursuant to Section 1 (1.5),³⁶ Rule II of the 2003 DARAB Rules of Procedure, as such phrase includes all private lands devoted to or suitable for agriculture, as defined under Section 4 of R.A. No. 6657:

CHAPTER II Coverage

Section 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.

³¹ 431 Phil. 675 (2002).

³² e) Those involving the sale, alienation, mortgage, foreclosure, preemption and redemption of agricultural lands under the coverage of the CARP or other agrarian laws;

³³ c) 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 LBP;

³⁴ *Sarne v. Hon. Maquiling*, *supra* note 31.

³⁵ *Id.* at 689. (Emphasis added.)

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

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.

In light of the principle that jurisdiction over the subject matter and nature of the petition is conferred by law and determined by the material allegations therein, and is not affected by the defenses or theories set up in the respondent's answer or motion to dismiss, the Court finds that the DAR's petition for annulment of deeds of sale and cancellation of titles falls under the jurisdiction of the PARAD under Section 1 (1.5), Rule II of the 2003 DARAB Rules of Procedure, as it contains sufficient allegations to the effect it involves sales of agricultural lands under the coverage of the CARL.

To be sure, the Court does not undermine the significance of the notice of coverage for purposes of acquisition of lands under the CARP. A letter informing a landowner that his/her land is covered by CARP, and is subject to acquisition and distribution to beneficiaries, and that he/she has rights under the law, including the right to retain 5 hectares, the notice of coverage first sprung from DAR A.O. No. 12, Series of 1989,³⁷ to fill in the gap under Section 16 of the CARL on the identification process of lands subject to compulsory acquisition. In *Roxas & Co., Inc. v. Court of Appeals*,³⁸ the Court stressed the importance of such notice as a step designed to comply with the requirements of administrative due process:

³⁷ Revised Rules and Regulations on the Compulsory Acquisition of Agricultural Lands under R.A. No. 6657.

³⁸ 378 Phil. 727, 762 (1999).

The importance of the first notice, *i.e.*, the Notice of Coverage and the letter of invitation to the conference, and its actual conduct cannot be understated. They are steps designed to comply with the requirements of administrative due process. The implementation of the CARL is an exercise of the State's police power and the power of eminent domain. To the extent that the CARL prescribes retention limits to the landowners, there is an exercise of police power for the regulation of private property in accordance with the Constitution. But where, to carry out such regulation, the owners are deprived of lands they own in excess of the maximum area allowed, there is also a taking under the power of eminent domain. The taking contemplated is not a mere limitation of the use of the land. What is required is the surrender of the title to and physical possession of the said excess and all beneficial rights accruing to the owner in favor of the farmer beneficiary. The Bill of Rights provides that "[n]o person shall be deprived of life, liberty or property without due process of law." The CARL was not intended to take away property without due process of law. The exercise of the power of eminent domain requires that due process be observed in the taking of private property.³⁹

Given that the notices of coverage were issued to the wrong persons, the heirs of the former owner, Eduardo, instead of respondents who are the present owners of the subject properties, the DAR can hardly be faulted for such mistake. It bears emphasis that while Eduardo executed the corresponding deeds of absolute sale in favor of respondents as early as April 17, 1997, it was only on May 3, 2005 that said deeds were registered in the names of respondents. Meantime, in view of the death of Eduardo on October 28, 2000, the DAR had no choice but to send the Notices of Coverage dated September 8, 2004 and November 23, 2004 to his heirs, Julieta and Nenita, respectively. While said deeds of sale are binding between the said heirs of Eduardo and respondents, the DAR could not have been aware thereof for lack of registration which is the operative act that binds or affects the land insofar as third persons are concerned. Thus, the DAR cannot be blamed for erroneously issuing such notices to the said heirs because it merely relied on available public records at the Register of Deeds, showing that the original landowner of the said properties is the late Eduardo.

For its part, despite the DAR's allegation that it only found out that the subject properties were already conveyed and transferred in favor of respondents when its Municipal Office in Magdalena, Laguna, received on September 8, 2005 a letter from the counsel of respondent Igmedio Robles and Christina Robles, it should be deemed to have constructive notice of said deeds only from the time of their registration on May 3, 2005. From the date of such registration, the DAR should have also issued respondents notices of coverage pursuant to DAR M.C. No. 18-04 (Clarificatory Guidelines on the Coverage, Acquisition and Distribution of Agricultural Lands Subject of

³⁹ *Roxas & Co., Inc. v. Court of Appeals, supra*, at 762-763.

Conveyance Executed in Violation of Sec. 6, Par. 4 of R.A. No. 6657) which modified DAR M.C. No. 02-01,

3. Notwithstanding the pendency of the investigation and/or the petition for annulment of deed of conveyance, the DAR shall issue a notice of coverage to both old and new landowner/s in order for the LBP to proceed with the valuation of the property. For this purpose, the DAR Provincial or Regional Office and the Land Bank of the Philippines may execute an agreement for purposes of issuing memorandum of valuation and certificate of deposit to be held in trust for the rightful owner/s.

The Court, however, holds that the DAR cannot be taken to task for failing to issue notices of coverage to respondents because the land areas of the subject properties sold to them, respectively, are all within the 5-hectare (50,000 sq. m.) retention limit. Respondents cannot, therefore, contend that a notice of coverage is necessary in order for a land to be considered under the coverage of the CARP for purposes of filing a petition under DAR M.C. No. 02-01 in relation to violation of Section 6, paragraph 4 of RA 6657. To sustain respondents' contention would subvert the objectives of the said provision to prevent circumvention of the retention limits set by law on ownership of agricultural lands after the effectivity of CARL on June 15, 1988, and to prevent the landowner from evading CARP coverage. Hence, the Court cannot uphold such contention, as it would ultimately defeat the purpose of the agrarian reform program of achieving social justice through equitable distribution of large landholdings to tenants or farmers tilling the same.

Furthermore, at the time of the sale of the subject properties on April 17, 1997, there were existing tenants thereon as shown by the Deeds of Surrender of Tenancy Rights⁴⁰ dated July 10, 1997 later executed in favor of the buyers, respondents Igmidio and Cristina Robles. Then, in identically-worded certifications dated August 29, 1997, the BARC Chairman and the Barangay Chairman of Ambiling, Magdalena, Laguna, both stated that the property covered by TCT No. 85055 with an area of 195,366 sq. m. is a coconut land without any tenant and may be converted into an industrial, resort, low-cost housing or residential subdivision.⁴¹ Without ruling on the validity of the deeds of surrender of tenancy rights, the Court finds that the execution thereof subsequent to that of the deeds of sale, alongside the certifications of the BARC Chairman and Barangay Chairman, casts doubt on the validity of the transfer and conveyance of the subject properties as a ploy to circumvent the retention limits and coverage under the CARP.

⁴⁰ CA *rollo*, pp. 84-95.

⁴¹ *Id.* at 82-83.

It is noteworthy that in *Department of Agrarian Reform v. Paramount Holdings Equities, Inc.*,⁴² the Court had resolved in the negative the issue of whether or not the DARAB has jurisdiction over a dispute that seeks the nullification of the sale of agricultural lands because (1) the PARO's petition failed to sufficiently allege any tenurial or agrarian relations and to indicate an agrarian dispute, and (2) the said lands had not been the subject of any notice of coverage under the CARP.

Despite the fact that the same jurisdictional issue is involved in this case, the Court's ruling in *Paramount* is inapplicable because of the difference between the material allegations in the PARO's petitions in both cases.

Given that the PARO's petition in this case likewise failed to allege any tenancy or agrarian relations and to indicate an agrarian dispute, and its cause of action is merely founded on the absence of a clearance to cover the sale and registration of the subject lands, it bears emphasis that the DARAB's jurisdiction is not limited to agrarian disputes where tenancy relationship between the parties exists. Under Section 1 (1.13),⁴³ Rule II of the 2003 DARAB Rules of Procedure, the DARAB also has jurisdiction over agrarian reform matters referred to it by the Secretary of DAR, such as the PARO's petition for annulment of deeds of sale and annulment of titles filed pursuant to DAR A.O. No. 01-89⁴⁴ and DAR M.C. No. 02-01⁴⁵ for violation of the legal requirement for clearances in the sale and transfer of agricultural lands.

⁴² *Supra*, note 16.

⁴³ Section 1. *Primary and Exclusive Original Jurisdiction*. – The Adjudicator shall have primary and exclusive original jurisdiction to determine and adjudicate the following cases:

x x x

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

x x x x

⁴⁴ The Rules and Procedures Governing Land Transaction.

⁴⁵ Guidelines on Annulment of Deeds of Conveyance of Lands Covered by the Comprehensive Agrarian Reform Program (CARP) Executed in Violation of Section 6, Paragraph 4 of Republic Act (RA) No. 6657. Section 4 (b) of DAR M.C. No. 02-01 pertinently provides:

SEC. 4 ***Operating Procedures*** – The procedures for annulment of deeds of conveyance executed in violation of RA 6657 are as follows:

x x x

b) The Chief, Legal Division, of the Provincial Agrarian Reform Office, shall have the following responsibilities:

1. Upon receipt of the MARO report, determine whether or not there was illegal transfer of agricultural lands pursuant to Sec. 6, par. 4 of RA 6657;

2. **If there was illegal transfer, file a petition for annulment of the deed of conveyance in behalf of the PARO before the Provincial Agrarian Reform Adjudicator (PARAD).** The petition shall state the material facts constituting the violation and pray for the issuance of an order from the PARAD directing the ROD to cancel the deed of conveyance and the TCT generated as a result thereof. As legal basis therefor, the petition shall cite Section 50 of RA 6657 and Rule II, Section 1(c) and (e) of the [1994] DARAB New Rules of Procedure. x x x

In contrast to *Paramount* where it is undisputed that the subject lands had not been subject of any notice of coverage under the CARP, the PARO's petition in this case alleged that one of the subject lands was issued a notice of coverage.⁴⁶ At any rate, the Court holds that such notice is unnecessary in order for the DARAB to have jurisdiction over a case that involves the sale of "agricultural lands under the coverage of the CARP," pursuant to Section 1 (1.5),⁴⁷ Rule II of the 2003 DARAB Rules of Procedure. As held in *Sarne v. Maquiling*,⁴⁸ the said phrase includes all private lands devoted to or suitable for agriculture, as defined under Section 4⁴⁹ of RA No. 6657. In view of the rule that jurisdiction over the subject matter and nature of the petition is determined by the allegations therein and the character of the relief prayed for, irrespective of whether the petitioner is entitled to any or all such reliefs,⁵⁰ the Court finds that the PARO's petition for annulment of sale and cancellation of titles falls under the jurisdiction of the DARAB, as it contains allegations to the effect that it involves sales of agricultural lands under the coverage of the CARL.

Significantly, unlike in this case where the transfer of the subject properties appears to have been done to evade the retention limits and coverage under CARP, *the Court found the original petition in Paramount dismissible on the merits as the records clearly showed that the subject lands were already classified as "industrial" long before the effectivity of the CARL.*

⁴⁶ 4.1 **The late Eduardo Reyes was the original registered owner of TCT 85055 and TCT 116506, an agricultural land** situated at Brgy. Ambiling, Magdalena, Laguna, consisting of 195,366 sq. m. and 7,431 sq. meters, respectively.

4.2 **The land described under TCT 85055 was issued a notice of coverage under the Compulsory Acquisition (CA) scheme pursuant to Section 7 of R.A. 6657.** x x x. Emphasis added. *See CA rollo*, pp. 39-40.

⁴⁷ SECTION 1. *Primary and Exclusive Original Jurisdiction.* – The Adjudicator shall have primary and exclusive original jurisdiction to determine and adjudicate the following cases:

x x x x

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;

x x x

⁴⁸ *Supra* note 31, p. 689.

⁴⁹ Section 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.\

⁵⁰ *Department of Agrarian Reform v. Paramount Holdings Equities, Inc.*, *supra*, at 336-337.

The Court also overrules respondents' argument that the subject properties are outside the coverage of CARP and registerable, since no annotation of any disposition of the properties or limitation on the use thereof by virtue of, or pursuant to P.D. No. 27, CARL or any other law or regulations on agrarian reform was inscribed on Eduardo's titles and their derivative titles. Quite the contrary, TCT Nos. T-85055 and T-116506 under the name of Eduardo contain provisions stating that he is the owner thereof in fee simple, subject to the encumbrances mentioned in Section 39 of Act No. 496, or the Land Registration Act,⁵¹ and Section 44 of P.D. 1529, or the Property Registration Decree, respectively.

Section 39 of Act No. 496 and Section 44 of P.D. No. 1529 similarly provide for statutory liens which subsist and bind the whole world, even without the benefit of registration under the Torrens System:

Section 39. Every applicant receiving a certificate of title in pursuance of a decree of registration, and every subsequent purchaser of registered land who takes a certificate of title for value in good faith, shall hold the same free of all encumbrance except those noted on said certificate, and any of the following encumbrances which may be subsisting, namely:

First. Liens, claims, or rights arising or existing under the laws or Constitution of the United States or of the Philippine Islands which the statutes of the Philippine Islands cannot require to appear of record in the registry.

x x x⁵²

SEC. 44. Statutory liens affecting title.- Every registered owner receiving a certificate of title in pursuance of a decree of registration, and every subsequent purchaser of registered land taking a certificate of title for value and in good faith, shall hold the same free from all encumbrances except those noted in said certificate and any of the following encumbrances which may be subsisting, namely:

x x x

Fourth. Any disposition of the property or limitation on the use thereof by virtue of, or pursuant to, Presidential Decree No. 27 or any other law or regulations on agrarian reform.⁵³

The Court is of the view that the provision on retention limits under Section 6 of RA 6657 constitutes as statutory liens on Eduardo's titles, which were carried over to respondents' derivative titles, even if no such annotations were inscribed on all of the said titles. In particular, such

⁵¹ CA *rollo*, p. 53

⁵² Emphasis added.

⁵³ *Id.*

statutory liens pertain to paragraph 4 of Section 6 of RA 6657 in relation to Section 73 of the same law, which read:

Section 6. Retention Limits. — Except as otherwise provided in this Act, no person may own or retain, directly or indirectly, any public or private agricultural land, the size of which shall vary according to factors governing a viable family-size farm, such as commodity produced, terrain, infrastructure, and soil fertility as determined by the Presidential Agrarian Reform Council (PARC) created hereunder, but in no case shall retention by the landowner exceed five (5) hectares. Three (3) hectares may be awarded to each child of the landowner, subject to the following qualifications: (1) that he is at least fifteen (15) years of age; and (2) that he is actually tilling the land or directly managing the farm: provided, that landowners whose lands have been covered by Presidential Decree No. 27 shall be allowed to keep the areas originally retained by them thereunder: provided, further, that original homestead grantees or their direct compulsory heirs who still own the original homestead at the time of the approval of this Act shall retain the same areas as long as they continue to cultivate said homestead.

X X X X

Upon the effectivity of this Act, any sale, disposition, lease, management, contract or transfer of possession of private lands executed by the original landowner in violation of the Act shall be null and void: provided, however, that those executed prior to this Act shall be valid only when registered with the Register of Deeds within a period of three (3) months after the effectivity of this Act. Thereafter, all Registers of Deeds shall inform the Department of Agrarian Reform (DAR) within thirty (30) days of any transaction involving agricultural lands in excess of five (5) hectares.

Section 73. Prohibited Acts and Omissions. — The following are prohibited:
 (a) **The ownership or possession, for the purpose of circumventing the provisions of this Act, of agricultural lands in excess of the total retention limits or award ceilings by any person, natural or juridical,** except those under collective ownership by farmer-beneficiaries.

X X X X

(e) **The sale, transfer, conveyance or change of the nature of lands outside of urban centers and city limits either in whole or in part after the effectivity of this Act.** The date of the registration of the deed of conveyance in the Register of Deeds with respect to titled lands and the date of the issuance of the tax declaration to the transferee of the property with respect to unregistered lands, as the case may be, shall be conclusive for the purpose of this Act.⁵⁴

⁵⁴

Id.

As Eduardo's titles contain such statutory liens, respondents have imputed knowledge that the transfer of the subject properties in excess of the landowner's 5-hectare (50,000 sq. m.) retention limit under the CARL could have been illegal as it appears to circumvent the coverage of CARP. Thus, until the PARAD has decided with finality the DAR's petition for annulment of deeds of sale and cancellation of titles for alleged violation of Section 6, paragraph 4 of RA 6657, respondents cannot claim that they are innocent purchasers for value and in good faith.

There is also no merit in respondents' contention that the TCTs issued in their favor have become incontrovertible and indefeasible, and can no longer be altered, canceled or modified or subject to any collateral attack after the expiration of one (1) year from the date of entry of the decree of registration, pursuant to Section 32 of P.D. No. 1529. In *Heirs of Clemente Ermac v. Heirs of Vicente Ermac*,⁵⁵ the Court clarified the foregoing principle in this wise:

While it is true that Section 32 of PD 1529 provides that the decree of registration becomes incontrovertible after a year, it does not altogether deprive an aggrieved party of a remedy in law. The acceptability of the Torrens System would be impaired, if it is utilized to perpetuate fraud against the real owners.

Furthermore, ownership is not the same as a certificate of title. Registering a piece of land under the Torrens System does not create or vest title, because registration is not a mode of acquiring ownership. A certificate of title is merely an evidence of ownership or title over the particular property described therein. Its issuance in favor of a particular person does not foreclose the possibility that the real property may be co-owned with persons not named in the certificate, or that it may be held in trust for another person by the registered owner.⁵⁶

In *Lacbayan v. Samoy, Jr.*,⁵⁷ the Court noted that what cannot be collaterally attacked is the certificate of title, and not the title itself:

x x x The certificate referred to is that document issued by the Register of Deeds known as the TCT. In contrast, the title referred to by law means ownership which is, more often than not, represented by that document.
xxx Title as a concept of ownership should not be confused with the certificate of title as evidence of such ownership although both are interchangeably used.

⁵⁵ 451 Phil. 368 (2003). (Citations omitted.)

⁵⁶ *Heirs of Clemente Ermac v. Heirs of Vicente Ermac*, *supra*, at 376.

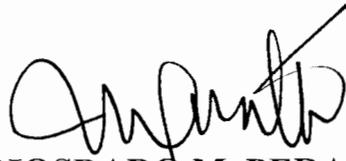
⁵⁷ 661 Phil. 307, 317 (2011).

In this case, what is being assailed in the DAR's petition for annulment of deeds of sale and cancellation of titles is the legality of the transfer of title over the subject properties in favor of respondents, and not their corresponding TCTs, due to the absence of DAR clearance and for possible violation of Section 6, paragraph 4 of R.A. No. 6657.

All told, the CA erred in dismissing for lack of jurisdiction the DAR's petition for annulment of deeds of sale and cancellation of titles before the PARAD, and in holding that it is the regular courts that should determine if indeed there were violations of the agrarian laws which would justify the grant of such petition. As can be determined from the allegations of the petition, the DARAB has jurisdiction over such case which involves agrarian reform matters under Section 1 (1.5)⁵⁸ and (1.13),⁵⁹ Rule II of the 2003 DARAB Rules of Procedure.

WHEREFORE, the petition is **GRANTED**, and the Court of Appeals Decision dated May 29, 2009 and its Resolution dated December 2, 2009 in CA-G.R. SP No. 104896, are **REVERSED** and **SET ASIDE**. The Resolutions dated February 7, 2008 and June 26, 2008 of the Provincial Adjudicator of the Department of Agrarian Reform Adjudication Board, Region IV-A, are **REINSTATED**. The said Adjudicator is **ORDERED** to proceed with dispatch in the resolution of the Petition for Annulment of Deeds of Sale and Cancellation of TCT Nos. T-238504, T-238505, T-238506, T-238507, T-238503, and T-238502; docketed as DARAB Case No. R-0403-0032-0037-06.

SO ORDERED.


DIOSDADO M. PERALTA
Associate Justice

WE CONCUR:


PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson

⁵⁸ 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.

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

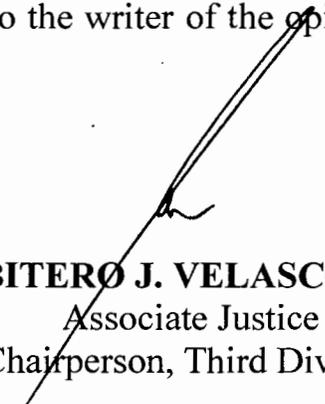

MARTIN S. VILLARAMA, JR.
Associate Justice


BIENVENIDO L. REYES
Associate Justice


FRANCIS H. JARDELEZA
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 Court's Division.


MARIA LOURDES P. A. SERENO
Chief Justice