

SUPREME COURT OF THE PHILIP PUBLIC INFORMATION OFFICE 29 202 Republic of the Philippines Supreme Court Maníla

SECOND DIVISION

DEPARTMENT OF AGRARIAN	G.R. No. 247339
REFORM REPRESENTED BY	
THE HON. JOHN R.	Present:
CASTRICIONES,	
Petitioner,	LEONEN, <i>J., Chairperson,</i> LAZARO-JAVIER, LOPEZ, M.,
	LOPEZ, J., and KHO, JR., <i>JJ</i> .
LAPANDAY FOODS CORPORATION and HIJO EMPLOYEES AGRARIAN	
REFORM BENEFICIARIES COOPERATIVE 1 [HEARBCO-1], Respondents.	Promulgated: MAR 1 3 2023

DECISION

LEONEN, J.:

An agrarian dispute refers to any controversy relating to tenurial arrangements over agricultural lands. However, when the issue centers around agreements on the produce from Comprehensive Agrarian Reform Program covered agricultural lands, civil law provisions on contracts apply, and jurisdiction falls on regular courts, not the Department of Agrarian Reform.¹

This Court resolves the Petition for Review on Certiorari² filed by the Department of Agrarian Reform, assailing the Decision³ and Resolution⁴ of

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Stanfilco Employees Agrarian Reform Beneficiaries Multi-Purpose Cooperative v. Dole Phils, 621 Phil. 22, 40-41 (2009) [Per J. Brion, Second Division].

Rotio, pp. 30-67.

the Court of Appeals, which upheld the Orders⁵ of the Regional Trial Court denying the Department of Agrarian Reform's Motions to Quash Alias Writ of Execution and Immediate Referral⁶ and its Motion for Intervention and Reconsideration,⁷ respectively.

The facts, as borne by the records, show that sometime in 1995, Hijo Plantation, Inc. (Hijo Plantation) offered its property in Madaum, Tagum City, Davao del Norte,⁸ covered by Transfer Certificate of Title No. C-1118 with an area of 450.3958 hectares, to the government's Comprehensive Agrarian Reform Program. The government purchased it for PHP 1.03 million per hectare.⁹

The 567 identified and qualified agrarian reform beneficiaries of the subject property organized themselves into a cooperative named Hijo Employees Agrarian Reform Beneficiaries Cooperative 1 (Hijo Cooperative).¹⁰

On December 23, 1996, the government awarded the property to the Hijo Cooperative members, and the title was registered on June 22, 1998.¹¹

On October 18, 1999, Hijo Plantation and Hijo Cooperative entered into an agribusiness venture agreement and executed a Banana Sales and Marketing Agreement (The Agreement).¹² The parties undertook that Hijo Cooperative grow and produce export-quality bananas, and then the Hijo Plantation would purchase them at an agreed price.¹³

That same day, Hijo Plantation transferred its rights under the Agreement to Global Fruits Corporation, later renamed Lapanday Foods Corporation (Lapanday). The Agreement was extended until 2019.¹⁴

¹⁴ Id. at 12.

Id. at 10-21. The January 28, 2019 Decision in CA-G.R. SP No. 08553-MIN was penned by Associate Justice Oscar V. Badelles and concurred in by Associate Justices Evalyn M. Arellano-Morales and Florencio M. Mamauag, Jr., of the Special Twenty-Third Division, Court of Appeals, Cagayan de Oro City.

⁴ Id. at 23-25. The May 10, 2019 Resolution in CA-G.R. SP No. 08553-MIN was penned by Associate Justice Oscar V. Badelles and concurred in by Associate Justices Evalyn M. Arellano-Morales and Florencio M. Mamauag, Jr., of the Former Special Twenty-Third Division, Court of Appeals, Cagayan de Oro City.

⁵ Id. at 147-150 & 169-170. The April 18, 2017 and August 15, 2017 Orders in Civil Case No. 33,536-2010 were penned by Presiding Judge Jill Rose S. Jaugan-Lo.

⁶ Id. at 125–127 & 133–146.

⁷ Id. at 151–168.

⁸ Id. at 130.

⁹ Id. at 11.

¹⁰ Id.

¹¹ Id.

¹² Id. at 85-94.

¹³ Id. at 11.

On December 17, 2000, Lapanday and Hijo Cooperative executed a Banana Purchase Agreement,¹⁵ where Hijo Cooperative undertook to sell its Class B Cavendish bananas to Lapanday.

Some Hijo Cooperative members opposed the agribusiness venture agreements entered with Lapanday. Thus, they broke away from the original cooperative and created their own group called Madaum Agrarian Reform Beneficiaries Association, Incorporated (Madaum Association). The 159 original agrarian reform beneficiaries left Hijo Cooperative to join the Madaum Association.¹⁶

Lapanday charged the Madaum Association leaders and members with violating their contract.¹⁷

The remaining Hijo Cooperative members executed a General Framework on Farm Rehabilitation,¹⁸ establishing the guidelines to follow in Lapanday's takeover of farm operations.¹⁹

Lapanday then took over the land allotted to both Hijo Cooperative and Madaum Association members. It blocked the access and farm roads, securing the gates with armed guards. It also padlocked the harvesting swing gate, effectively preventing the delivery of harvested bananas to its packing houses.²⁰

Deprived of access to Lapanday's packing houses, Hijo Cooperative members erected makeshift packing houses and sold their harvest to available buyers.²¹

On July 2, 2010, Lapanday filed an action for specific performance before the Office of the Provincial Agrarian Reform Adjudicator, alleging that Hijo Cooperative refused to sell its bananas to Lapanday, despite the two agribusiness venture agreements between the parties. The Provincial Agrarian Reform Adjudicator directed the parties to preserve the *status quo ante.*²²

Lapanday also filed a complaint for specific performance and damages with an application for writ of preliminary injunction against Hijo

 20 Id.

¹⁵ *Id.* at 98–102.

 $[\]frac{16}{17}$ *Id.* at 12.

Id. Id. at 103–107.

¹⁹ *Id.* at 105–107.

²¹ Id. at 12–13.

²² *Id.* at 13.

Cooperative and its then officers²³ with the Regional Trial Court. The trial court issued a writ of preliminary injunction and required the parties to abide by the terms and conditions of their agreements.²⁴

On April 9, 2011, Lapanday and Hijo Cooperative entered into a compromise agreement, which the Regional Trial Court approved in its September 30, 2011 Decision.²⁵

Meanwhile, the Madaum Association filed a Petition for Reinstatement, Accounting of Harvest and Damages against Hijo Cooperative before the Provincial Agrarian Reform Adjudicator.²⁶

On December 15, 2015, the Provincial Agrarian Reform Adjudicator granted Madaum Association's petition. Hijo Cooperative and Madaum Association then executed a Kasabutan, which the Provincial Agrarian Reform Adjudicator approved, and Madaum Association members were reinstated in the San Isidro Farm Area.²⁷

Meanwhile, on February 20, 2014, the Hijo Cooperative filed a petition before the Presidential Agrarian Reform Council to revoke the Banana Purchase Agreement it executed with Lapanday.

Lapanday, in turn, moved to issue a writ of execution of the Regional Trial Court's September 30, 2011 Decision approving the compromise agreement.²⁸

On December 9, 2015, the Regional Trial Court issued a writ of execution.²⁹

Lapanday then alleged that the San Isidro Farm Area was part of its managing area, per its agreements with Hijo Cooperative, and applied for an alias writ of execution before the Regional Trial Court to enforce the terms of its compromise agreement with Hijo Cooperative.³⁰

²³ The Hijo Employees Agrarian Reform Beneficiaries Cooperative 1 officers charged in their personal capacities were Mely Yu, Gilberto A. Gastones, Carlos V. Guadalquiver, Elizabeth S. Villarosa, Linda G. Dayahan, Antonio L. Tuyak, Felipe A. Dispo, Salvador M. Barcebal, Jr. and Antonio J. Sang-an.
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- ²⁸ Id.
- ²⁹ Id.
- ³⁰ Id.

 ²⁴ *Rollo*, p. 13.
 ²⁵ *Id*.

²⁶ *Id.* at 13–14.

²⁷ *Id.* at 14.

In its November 2, 2016 Order,³¹ the Regional Trial Court issued the alias writ of execution³² prayed by Lapanday. The dispositive portion of the Order reads:

WHEREFORE, considering the above premises, the Motion is hereby GRANTED. Let Alias Writ of Execution be immediately issued:

1. Directing HEARBCO-1, its assigns, and anyone acting in its behalf to respect, honor and comply with the Compromise Agreement dated 9 September 2011;

2. Directing the Sheriff with the assistance of the Philippine National Police (PNP) to disperse the barricading members of HEARBCO-1;

3. Deputizing the Philippine National Police (PNP) to assist in the execution of the writ;

4. Authorizing Sheriff Robert Medialdea of the Regional Trial Court (RTC), Branch 15 to implement the Alias Writ of Execution.

SO ORDERED.33

On December 12, 2016, Lapanday security guards shot some Madaum Association members, prompting the Department of Agrarian Reform to issue a cease-and-desist order two days later to maintain the peace.³⁴

Lapanday filed a petition for *certiorari* with the Court of Appeals against the Department of Agrarian Reform to restrain the latter from enforcing the cease and desist order. However, its petition was denied, and the Court of Appeals recognized the necessity of the cease and desist order to maintain the peace and order in the San Isidro Farm Area.³⁵

On December 21, 2016, the Department of Agrarian Reform moved³⁶ to quash the alias writ of execution, arguing that it had the primary and exclusive jurisdiction over cases involving agrarian law implementation and agrarian disputes.³⁷

In its April 18, 2017 Order,³⁸ the Regional Trial Court denied the motion to quash, pointing out that the compromise agreement sought to be enforced has long become final and executory.³⁹ Further, it stressed that the

34 Id. at 14-15. 35

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³¹ Id. at 113-115.

³² *Id.* at 116–117. 33

Id. at 114-115.

Id. at 15. 36 Id. at 125-127.

³⁷ Id. at 15.

Id. at 147-150. 39 Id. at 148-149.

Department of Agrarian Reform had no standing to intervene because the controversy arose not from an agrarian dispute but from implementing a compromise agreement.⁴⁰

The Department of Agrarian Reform then filed a motion to intervene with leave of court and motion for reconsideration,⁴¹ which the Regional Trial Court likewise denied.⁴²

The Department of Agrarian Reform thereafter filed a petition for *certiorari* with the Court of Appeals,⁴³ which was denied in its January 28, 2019 Decision.⁴⁴

The Court of Appeals ruled that there was no agrarian dispute as the controversy originated from the agribusiness venture agreements entered into by Hijo Cooperative and Lapanday's predecessor-in-interest, ensuing the compromise agreement between the parties.⁴⁵

The Court of Appeals also stated that the Department of Agrarian Reform's cease and desist order did not convert the case into an agrarian dispute, nor can it be considered a supervening event that would render the implementation of the compromise agreement inequitable.⁴⁶

The dispositive portion of the Court of Appeals Decision reads:

ALL TOLD, this Court's consideration of the issues raised by petitioner, as well as, a review of the records before Us failed to establish grave abuse of discretion on the part of the Regional Trial Court, Branch 14 of Davao City in issuing the Orders of the Regional Trial Court, dated April 18, 2017 and August 15, 2017.

The Petition for Certiorari is hereby DENIED.

SO ORDERED.47

The Department of Agrarian Reform sought for reconsideration⁴⁸ of the Court of Appeals Decision, but its motion was denied on May 10, 2019.⁴⁹ In denying the motion for reconsideration, the Court of Appeals reiterated that the case did not involve "any issue on tenurial arrangement or

⁴⁰ Id. at 149–150.

⁴¹ Id. at 151–168.

⁴² *Id.* at 169–170.

 $^{^{43}}$ Id. at 15.

⁴⁴ *Id.* at 10–21. ⁴⁵ *Id.* at 17 & 19

⁴⁵ *Id.* at 17 & 19.

 ⁴⁶ *Id.* at 18.
 ⁴⁷ *Id.* at 20.

⁴⁸ *Id.* at 20.

⁴⁹ *Id.* at 23–25.

Decision

compensation of agricultural lands or terms and conditions of transfer of ownership from landowners to farm workers" but was for specific performance and damages.⁵⁰

Hence, petitioner Department of Agrarian Reform filed a Petition for Review on *Certiorari* before this Court.⁵¹

Petitioner asserts that an agrarian dispute was present as Madaum Association members were removed from the San Isidro Farm Area due to the enforcement of the alias writ of execution implementing the compromise agreement.⁵²

Petitioner continues that while the interpretation and enforcement of the compromise agreement "do not per se constitute an agrarian dispute",⁵³ the agrarian dispute arose when the Madaum Association members were prevented from exercising their tenurial rights due to the implementation of the alias writ of execution.⁵⁴

Petitioner likewise states that the agribusiness venture agreements between private respondents Hijo Cooperative and Lapanday were governed by the Department of Agrarian Reform Administrative Order No. 9, Series of 2006 or the Revised Rules and Regulations Governing Agribusiness Venture Arrangements in Agrarian Reform Areas, which provided for mechanisms for disputes arising from the execution of agribusiness venture arrangements.⁵⁵

Petitioner then emphasizes that the Revised Rules and Regulations provided for resorting to alternative modes of dispute resolution such as mediation and arbitration. Then if the alternative modes of dispute resolution failed, jurisdiction fell on the Department of Agrarian Reform Adjudication Board to interpret and enforce the agribusiness venture agreement.⁵⁶

Finally, petitioner points out that there was a pending petition for the cancellation of the Banana Purchase Agreement between private respondents Hijo Cooperative and Lapanday before the Presidential Agrarian Reform Council, being the body with "the power and authority to cancel or revoke and terminate agribusiness venture arrangement contracts."⁵⁷ It stresses that the Regional Trial Court disregarded the assumption of jurisdiction of the

⁵⁰ *Id.* at 24.

⁵¹ Id. at 30–65.

⁵² Id. at 51.

⁵³ Id. at 51.

⁵⁴ *Id.* at 51 & 56.

⁵⁵ *Id.* at 56–57.

⁵⁶ *Id.* at 57.

⁵⁷ Id. at 58–59.

Presidential Agrarian Reform Council when it issued the alias writ of execution.

In its Comment,⁵⁸ private respondent Lapanday maintains that the petition should be dismissed outright because it was not sent to its counsel's correct address and it was filed without proper authority.⁵⁹ Further, private respondent Lapanday asserts that petitioner did not have the requisite legal standing to file the petition because it was not a party to the compromise agreement between private respondents Lapanday and Hijo Cooperative, and neither is it an indispensable party to the proceedings.⁶⁰

Private respondent Lapanday then asseverates that the controversy did not involve an agrarian dispute; hence, jurisdiction rightfully lay with the Regional Trial Court, not petitioner.⁶¹ It also maintains that the issuance of a cease and desist order did not convert the case into an agrarian dispute, especially since the compromise agreement was approved years before the cease and desist order issuance.⁶²

On the other hand, private respondents Mely Yu, Gilberto A. Gastones, Carlos V. Guadalquiver, Elizabeth S. Villarosa, Linda G. Dayahan, Antonio L. Tuyak, Felipe A. Dispo, Salvador M. Barcebal, Jr., and Antonio J. Sang-an in their Comment⁶³ posit that the case involves an agrarian dispute which requires a referral to petitioner.⁶⁴ They also stress that petitioner, with its exclusive jurisdiction on agrarian disputes, has the mandate to determine the existence of an agrarian dispute initially and that the trial courts do not have the same authority.⁶⁵

Private respondents contend that there was an agrarian dispute because the agrarian reform beneficiaries were ousted from their landholdings with the issuance of the writ of alias execution.⁶⁶

Finally, private respondents put forth that the writ of alias execution has no legal effect because it enforces a void judgment and collides with the Department of Agrarian Reform Secretary's cease and desist order.⁶⁷

The issues to be resolved by this Court's resolution are whether petitioner Department of Agrarian Reform can intervene in an action for specific performance and damages over a compromise agreement on the

- ⁵⁸ Id. at 187–229.
- ⁵⁹ Id. at 199-200.
- ⁶⁰ *Id.* at 200–207.
- ⁶¹ Id. at 212–215. $\frac{62}{10}$ Id. at 218–219.
- 62 Id. at 218–219.
- ⁶³ Id. at 299-320.
 ⁶⁴ Id. at 311-312.
- 65 Id. at 312.
- 66 Id. at 312–313.
- 67 Id. at 317-318.

Decision

fruits of a land awarded to agrarian reform beneficiaries through the Comprehensive Agrarian Reform Law; and whether the Court of Appeals erred in upholding the Compromise Agreement between private respondents Lapanday Food Corporations and Hijo Employees Agrarian Reform Beneficiaries Cooperative 1.

The Petition is unmeritorious.

Section 3(d) of Republic Act No. 6657 defines agrarian dispute as those relating to tenurial arrangements, thus:

SECTION 3. *Definitions.* – For the purpose of this Act, unless the context indicates otherwise:

. . . .

(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.

Republic Act No. 6657 then empowers petitioner with "the primary jurisdiction to determine and adjudicate agrarian reform matters" as well as the implementation of agrarian reform.⁶⁸

Here, petitioner insists on its right to intervene in the case for specific performance and damages between respondents because the removal of the Madaum Association members, who were agrarian reform beneficiaries, from the San Isidro Farm Area due to the enforcement of the alias writ of execution implementing the compromise agreement purportedly created an agrarian dispute.⁶⁹

Petitioner fails to convince.

⁶⁸ Republic Act No. 6657 (1988), sec. 50.

⁶⁹ *Rollo*, p. 51.

The issue presented here is not novel and has already been taken up in Stanfilco Employees Agrarian Reform Beneficiaries Multi-Purpose Cooperative v. Dole Phils.⁷⁰

In *Stanfilco*, a cooperative composed of agrarian reform beneficiaries, entered into a production and exclusive purchase agreement over its harvested bananas with DOLE Philippines, Inc. After a few years, the DOLE Philippines, Inc. accused the cooperative of violating their agreement when it sold its rejected bananas to DOLE Philippines, Inc's competitor. The DOLE Philippines, Inc. then filed a complaint for specific performance and damages against the cooperative.⁷¹

The cooperative moved for the dismissal of the complaint on the ground of lack of jurisdiction, claiming that the issue involved an agrarian dispute. Hence, jurisdiction properly lies with the Department of Agrarian Reform Adjudication Board.⁷²

The Regional Trial Court and Court of Appeals both ruled that the case did not involve an agrarian conflict and was instead a judicial matter.⁷³

Stanfilco upheld the findings of the lower courts and pointed out that no tenancy relationship subsisted between the parties.⁷⁴ It also pointed out that the validity of the agreement entered into was not in question. Instead, the resolution required "the application of civil law provisions on breaches of contract, rather than agrarian reform principles."⁷⁵

Here, there was no tenancy relationship subsisting between respondents, with private respondent Hijo Cooperative maintaining ownership of the land and only allowing private respondent Lapanday to manage part of the awarded land in the compromise agreement.⁷⁶

Private respondent Lapanday filed a complaint for specific performance with a request for a warrant of alias execution when private respondent Hijo Cooperative refused to abide by the terms of its judicially approved compromise agreement, which had been approved by a court.⁷⁷

Specific performance is "[t]he remedy of requiring exact performance of a contract in the specific form in which it was made, or according to the

⁷⁰ 621 Phil. 22 (2009) [Per J. Brion, Second Division].

⁷¹ Stanfilco Employees Agrarian Reform Beneficiaries Multi-Purpose Cooperative v. Dole Phil., 621 Phil. 22, 27–28 (2009) [Per J. Brion, Second Division].

⁷² Id. at 29–31.

⁷³ Id. at 32–33.

⁷⁴ *Id.* at 38–39.

⁷⁵ Id. at 41.

⁷⁶ *Rollo*, p. 19.

⁷⁷ Id. at 113-115.

Decision

precise terms agreed upon. [It is t]he actual accomplishment of a contract by a party bound to fulfill it."⁷⁸ The remedy of specific performance requires the interpretation of civil law provisions on contracts. For an action of specific performance to succeed, it must be proven that one of the parties committed a breach of the contract.⁷⁹

It is not disputed that private respondents Hijo Cooperative and Lapanday freely entered into a compromise agreement which the Regional Trial Court judicially approved on September 30, 2011.⁸⁰

A judgment on a compromise agreement has the effect of *res judicata* and is immediately final and executory, as it is considered a judgment on the merits.⁸¹ Nonetheless, the doctrine of immutability of compromise agreements admits a few exceptions to serve substantial justice.⁸² However, the subsequent refusal of some of private respondent Hijo Cooperative's members to abide by the judicially approved compromise agreement is not a supervening event that would render its execution unjust and inequitable.⁸³

Clearly, the issues to be resolved in the present case for specific performance do not involve an agrarian dispute which would require petitioner's intervention. As in *Stanfilco*, the resolution of the case at bar requires "the application of civil law provisions on breaches of contract, rather than agrarian reform principles."⁸⁴

The lower courts thus did not err in denying petitioner's motion to intervene since there is no agrarian dispute to be resolved in the case at bar. They also did not err in upholding the final and executory compromise agreement between private respondents. As the Court of Appeals correctly observed:

The case does not involve any issue on tenurial arrangement or compensation of agricultural lands or terms and conditions of transfer of ownership from landowners to farm workers. The only issue involved is whether or not HEARBCO-1 and the named individual defendants are liable for damages to Lapanday Food Corporation by reason of breach of contract. And as We have already held, reference would only have to be made on the relevant provisions of the New Civil Code relating to contracts, damages[,] and human relations.

Ayala Life Assurance, Inc. v Ray Burton Development Corporation, 515 Phil. 431, 438 (2006) [Per J. Sandoval-Gutierrez, Second Division], citing Black's Law Dictionary.

⁷⁹ Id. at 438–439.

⁸⁰ *Rollo*, p. 13.

⁸¹ Gadrinab v. Salamanca, 736 Phil. 279, 283 (2014) [Per J. Leonen, Third Division].

⁸² FGU Insurance Corporation v. Regional Trial Court of Makati City, 659 Phil 117, 123 [Per J. Mendoza, Second Division].

⁸³ Gadrinab v. Salamanca, 736 Phil. 279, 294 (2014) [Per J. Leonen, Third Division].

Stanfilco Employees Agrarian Reform Beneficiaries Multi-Purpose Cooperative v. Dole Phils, 621 Phil. 22, 41 (2009) [Per J. Brion, Second Division].

The case before the RTC was for specific performance of the [Banana Sales and Marketing Agreement] and [Banana Purchase Agreement] between Lapanday and HEARBCO-1. To reiterate, the parties later on decided to end the litigation by making reciprocal concessions in their compromise agreement. One of the concessions in the compromise agreement was for HEARBCO-1 to abide by its contractual obligations to exclusively sell all its banana produce to Lapanday and to give the latter the right to manage a certain portion of HEARBCO-1's banana plantation. When Lapanday sought the issuance of the writ of execution and the alias writ of execution, it merely sought compliance from HEARBCO-1 and all its members. It is the same subject matter of the case and the same subject matter of the judgment that became final and executory. The claim of the No Group/ MARBAI members is a separate matter that was taken cognizance of by the DAR Secretary, which is pending determination before the DAR.85

FOR THESE REASONS, the Petition is DENIED.

SO ORDERED.

MARVIC M.V

Senior Associate Justice

EZ.

WE CONCUR:

AMYC LAZARO-JAVIER

Associate Justice

.IHOSE Associate Justice

ÁNTONIÓ T. KHO, JR. Associate Justice

⁸⁵ Rollo, pp. 24-25.

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.

MARVIC M/V.F. LEONEN

Senior Associate Justice Chairperson

CERTIFICATION

Pursuant to Article VIII, Section 13 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.

GESMUNDO ef Justice

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