

THIRD DIVISION

[G.R. No. 194455, June 27, 2018]

SPOUSES AVELINA RIVERA-NOLASCO AND EDUARDO A. NOLASCO, PETITIONERS, V. RURAL BANK OF PANDI, INC., RESPONDENT.

DECISION

MARTIRES, J.:

Before the Court is a petition for review on certiorari,^[1] under Rule 45 of the Rules of Court, assailing the Decision, dated 25 June 2010,^[2] and the Resolution, dated 26 October 2010,^[3] of the Court of Appeals (CA) in CAG.R. SP No. 105288, through which the appellate court^[4] reversed and set aside three issuances of the Office of the Provincial Agrarian Reform Adjudicator (*PARAD*) in DARAB Case No. R-03-02-5792'08, namely: the Order, dated 20 June 2008; the Resolution, dated 15 July 2008; and the Order, dated 11 August 2008. In fine, the CA ruled that the Department of Agrarian Reform Adjudication Board (*DARAB*) had no jurisdiction over the Complaint filed in DARAB Case No. R-03-02-5792'08.

We required the parties to submit their Comment^[5] and Reply.^[6] They complied.^[7]

THE FACTS

On 23 February 1995, the spouses Reynaldo and Primitiva Rivera (*the spouses Rivera*) obtained a Two Hundred Thousand Peso loan from the Rural Bank of Pandi, Inc. (*respondent bank*). The loan was secured with a mortgage over a parcel of land measuring 18,101 square meters, located at Barangay Bunsuran II, Municipality of Pandi, Province of Bulacan, and registered in the spouses' names under Transfer Certificate of Title (*TCT*) No. T-304255.^[8]

The spouses Rivera failed to pay their loan, prompting respondent bank to extrajudicially foreclose the mortgage.^[9] At the resultant auction sale, the bank was declared the highest bidder for the property. When Primitiva (Reynaldo had by then died) failed to exercise the right of redemption,^[10] respondent bank filed an *Affidavit of Consolidation* with the Register of Deeds. TCT No. T-304255 was then cancelled and a new certificate of title, TCT No. T-512737 (M), was issued in respondent bank's name.^[11]

The spouses now solely represented by Primitiva, refused to vacate the property, prompting the bank to seek relief from the Regional Trial Court in Malolos City (*RTC*).^[12] On 14 January 2008, said court issued a writ of possession in favor of the bank, directing its sheriff to eject the spouses. The next month, by virtue of the writ, the bank was placed in possession of the property.^[13]

The Case before the DARAB

On 10 April 2008, herein petitioners, the spouses Avelina Rivera-Nolasco and Eduardo Nolasco (*petitioner spouses*), filed a Complaint^[14] before the DARAB denominated as "For: Maintenance and Peaceful Possession of Landholding and Damages with Prayer for Temporary Restraining Order and/or Writ of Preliminary Injunction" and docketed as DARAB Case No. R-03-02-5792'08. Petitioner spouses alleged, in the main, that they were tenants of the subject property.

The spouses narrated that the property was part of a larger landholding, spanning 36,000 square meters, which was then owned by the Sarmiento Family of Meycauayan, Bulacan. The land was tenanted by Ireneo Rivera, the father of petitioner Avelina Rivera-Nolasco (*Avelina*).

When Ireneo died in 1974, Reynaldo Rivera, the eldest of his children, continued Ireneo's tenancy with the assistance of his siblings. In 1981, Reynaldo became financially distressed^[15] and sold his tenancy rights to Avelina for P50,000.00. From then on, Avelina became the Sarmiento Family's sole agricultural tenant of the landholding.

In 1986, the Sarmiento Family sold half of the landholding to a certain Boy Salazar; as disturbance compensation, the family transferred the remaining half, about 18,101 square meters, to Ireneo's heirs, his children, who then agreed that the land be registered solely in the name of Reynaldo, in deference to his being the eldest. The siblings acknowledged that they were co-owners of the land, and that they would partition it in the future. TCT No. T-304255 was thus issued in Spouses Rivera's name. The siblings further agreed that Avelina was to continue as their sole and exclusive tenant; every year, she was to give her siblings a portion of the harvest corresponding to their respective one-eighth (1/8th) undivided shares in the property.^[16]

As earlier narrated, on 23 February 1995, Spouses Rivera mortgaged the property to respondent bank. Petitioner spouses claim that this was without their and the other siblings' prior knowledge.^[17] After the RTC issued the aforementioned writ of possession, the bank had the entire property fenced and forthwith denied Avelina entry. She and her workers were thus prevented from tending to their palay crop which by April 2008, was ready for harvest.^[18] Avelina's counsel^[19] wrote respondent bank, requesting that she be allowed entry so she may conduct the necessary harvest. The bank verbally responded that it would agree, on the condition that Avelina and her husband renounce their tenancy rights over the property.^[20] Thereafter, petitioner spouses filed the subject complaint.

Conversely, respondent bank filed an Answer (with Motion to Dismiss) (*Answer*),^[21] contending that the DARAB had no jurisdiction over the complaint as petitioner spouses were not tenants at the property. The bank claimed that in 1999, the Municipal Agrarian Reform Officer^[22] had certified^[23] that the property was neither tenanted nor covered by the Operation Land Transfer of the agrarian reform program; in 2007, the Chief Agrarian Reform Program Officer^[24] at Baliuag, Bulacan, issued a similar certification.^[25] The bank further argued that even if it were to be assumed that the spouses had planted the *palay* on the property, they were not entitled to its harvest or to indemnification for its loss as they had not been planters in good faith. Finally, the bank insisted that it had been a mortgagee

in good faith, and that it had acquired possession of the property pursuant to an order of the RTC. The bank insisted that the DARAB respect this order.

The Ruling of the PARAD

Acting pursuant to his delegated jurisdiction,^[26] Joseph Noel C. Longeoan,^[27] the Provincial Agrarian Reform Adjudicator (*PARAD*) tasked to resolve the Answer, found the motion to dismiss to be of no merit. He maintained the jurisdiction of his office to resolve the complaint. The *PARAD*'s 20 June 2008 order pertinently reads:^[28]

x x x x

Without delving into the merits of the case, a judicious examination of the complaint will tell us that the relief being prayed for calls for the application of agrarian reform laws. As such, this Forum is clothed with the power and authority to hear and decide the issue or issues raised in the case at bar without encroaching into the issues already passed upon by the Regional Trial Court.

In the case of *TCMC, Inc. v. CA*, 316 SCRA 502, the Supreme Court said:

"Jurisdiction of the court over the subject matter is determined by the allegations of the complaint, hence, the court's jurisdiction cannot be made to depend upon the defenses set up in the answer or motion to dismiss."

WHEREFORE, in light of the foregoing premises, the instant motion is hereby DENIED for lack of merit.

SO ORDERED.

Respondent bank moved for reconsideration. Pending its resolution of this motion, however, the *PARAD* approved the application for preliminary injunction and ordered respondent bank to accord petitioner spouses with the peaceful possession of subject property during the pendency of DARAB Case No. R-03-02-5792'08.^[29] In response, respondent bank filed a second motion, a *Motion to Quash Writ of Injunction*, which petitioner spouses duly opposed.

On 11 August 2008,^[30] the *PARAD* issued an Order denying the two aforementioned motions; on even date, he issued the *Writ of Preliminary Injunction*.^[31]

The Case before the CA

Through a petition for certiorari,^[32] under Rule 65 of the Rules of Court, respondent bank sought relief from the CA, contending that the *PARAD* had committed grave abuse of discretion amounting to lack or excess of jurisdiction in denying respondent bank's motion to dismiss despite lack of jurisdiction over the complaint.^[33]

The Ruling of the CA

As previously noted, the petition before the CA was granted. To conclude that the DARAB had no jurisdiction over the subject complaint, the appellate court zeroed in on petitioner spouses' averment, made in the same complaint, that they were co-owners of the property. "Ownership," the court *a quo* aphorized, "is the antithesis of

tenancy." We quote the appellate court's pertinent discussion of this decisive point, so that the decision under review may speak for itself:^[34]

In their complaint, the private respondents alleged, among others, that they became owners of the subject land, together with Reynaldo Rivera, the registered owner, and the other Rivera siblings when the Sarmiento Family, the original owners of the land, transferred the ownership of the land to them as disturbance compensation. They further claimed that the land was only registered in trust in the name of Reynaldo Rivera for convenience and in deference to his being the eldest of the Rivera siblings and that the mortgage of the subject property, which eventually led to its foreclosure by the petitioner bank, was without the knowledge and consent of the other owners, the private respondents and the other Rivera children. Private respondents' contention that they are co-owners of the subject property and, at the same time, tenants of the same defies logic. Tenancy is established precisely when a landowner institutes a tenant to work on his property under the terms and conditions of their tenurial arrangement. The private respondents cannot anomalously insist to be both tenants and owners of the subject land. Ownership is antithesis of tenancy.

Co-ownership is a manifestation of the private ownership which, instead of being exercised by the owner in an exclusive manner over the things subject to it, is exercised by two or more owners and the undivided thing or right to which it refers is one and the same. It is not a real right distinct from ownership but is a mere form or manifestation of ownership.^[35] Co-owners are therefore owners of an undivided thing.^[36]

On the other hand, tenants are defined as persons who—in themselves and with the aid available from within their immediate farm households—cultivate the land belonging to or possessed by another, with the latter's consent, for purposes of production, sharing the produce with the landholder under the share tenancy system, or paying to the landholder a price certain or ascertainable in produce or money or both under the leasehold tenancy system.^[37]

Based on the foregoing discussion, the allegations in the complaint filed by the private respondents before the PARAD shows that the parties in the present case have no tenurial, leasehold, or any other agrarian relationship that could bring their controversy within the ambit of agrarian reform laws and within the jurisdiction of the DARAB. The private respondents cannot thereafter force a tenancy relationship between them and the successive owners of the land.

All told, the PARAD clearly committed a jurisdictional infraction when he took cognizance of the private respondents' complaint. The allegations of the complaint failed to show that the private respondents are agricultural tenants of the land and that the instant case involves an agrarian dispute cognizable by the DARAB. To reiterate, the jurisdiction of the DARAB is limited to agrarian disputes or controversies and other matters or incidents involving the implementation of the Comprehensive Agrarian Program (CARP) under Rep. Act No. 6657, Rep. Act No. 3844 and other

agrarian laws. An allegation that an agricultural tenant tilled the land in question does not make the case an agrarian dispute. All the indispensable elements of a tenancy relationship must be alleged in the complaint. The private respondents' allegation that they are co-owners of the subject land clearly removes the present case from the DARAB's jurisdiction.

With regard to the other issues raised by the petitioner bank, we see no need to resolve the same in view of our finding that the DARAB did not have jurisdiction over the subject matter of the present case.

WHEREFORE, in view of the foregoing premises, the petition filed in this case is hereby **GRANTED**. The assailed Order dated June 20, 2008, Resolution dated July 15, 2008 and Order dated August 11, 2008 of the Provincial Agrarian Reform Adjudicator (PARAD) Joseph Noel C. Longboan in DARAB Case No. R-03-02-5792-08 are hereby **REVERSED and SET ASIDE**.

SO ORDERED.

Petitioner spouses filed a motion for reconsideration,^[38] but it was denied; hence, the present petition before this Court.

The Petition for Review

The petition at bar imputes abuse of discretion on the part of the CA, ostensibly stemming from serious, reversible error committed with the following acts: *first*, in failing to appreciate the "substantial and peculiar circumstances" of the case which, if properly considered, would justify a different conclusion; *second*, in delimiting the meaning and applicability of the term "agrarian dispute" within the four corners of the traditional definition of a tenancy relationship; *third*, in failing to rule with equity, considering that petitioner spouses had lived on the subject property for twenty-nine years.

ISSUE

WHETHER THE CA REVERSIBLY ERRED IN RULING THAT THE PARAD COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION IN TAKING JURISDICTION OVER THE COMPLAINT IN DARAB CASE NO. R-03-02-5792'08.

Two Questions

Such issue pivots on two questions. The first is whether the complaint had sufficient averments as to confer subject matter jurisdiction unto the DARAB. The second is capable of several articulations. It is whether petitioner spouses' averment of co-ownership of the land subject of the complaint sufficiently negates their claim of tenancy thereon, such that, as a matter of course, the PARAD cannot be conferred with jurisdiction in DARAB Case No. R-03-02-5792'08. Another articulation is whether the averment of co-ownership is sufficient reason for the complaint's dismissal, such that, consequently, petitioner spouses can no longer obtain the reliefs they seek.

OUR RULING