695 Phil. 36

FIRST DIVISION

[G.R. No. 187801, September 13, 2012]

HEIRS OF LEONARDO BANAAG, NAMELY: MARTA R. BANAAG, TERESITA B. MENDOZA, HONORATO R. BANAAG, IMELDA R. BANAAG, DIOSDADO R. BANAAG, PRECIOSA B. POSADAS, AND ANTONIO R. BANAAG, SPOUSES PEDRO MENDOZA AND TERESITA MENDOZA, AND HONORATO R. BANAAG, PETITIONERS, VS. AMS FARMING CORPORATION AND LAND BANK OF THE PHILIPPINES, RESPONDENTS.

D E C I S I O N

REYES, J.:

Before the Court is a petition[1] dated June 15, 2009 praying for the reversal of the Orders dated July 7, 2008[2] and March 23, 2009[3] of the Regional Trial Court (RIC), Tagum City, Davao Del Norte, Branch 30, in Civil Case No. 3867 entitled *Heirs of Leonardo Baanaag, et al. v. AMS Farming Corporation and Land Bank of the Philippines*. The assailed Order dated July 7, 2008, dismissed the complaint for the determination of ownership over the standing crops and improvements on several parcels of agricultural land, on the ground of forum-shopping. The assailed Order dated March 23, 2009, on the other hand, denied reconsideration.

The Antecedent Facts

The petitioners were the owners and/or heirs of the owners of several parcels of land located at Sampao, Kapalong, Davao Del Norte, detailed as follows:

Name of Landowner	Transfer Certificate Title No.	Land Area (in ofhectares)
TERESITA MENDOZA	T-9891	10
TERESITA MENDOZA	T-7778	34
LEONARDO BANAAG (T-16604)	T-7775	54.1748
TERESITA AND PEDRO MENDOZA	(T-16748) T-7894	10
HONORATO BANAAG (T-16605)	T-7776	25.51234

From 1970 to 1995, the lands were leased to respondent AMS Farming Corporation (AMS), which devoted and developed the same to the production of exportable Cavendish bananas, and introduced thereon the necessary improvements and infrastructures for such purpose.[5] When the lease contract expired, it appears that a Memorandum of Agreement (MOA) was executed by the parties extending the

term of the lease until September 30, 2002.

In 1999, the lands were placed under the coverage of the Compulsory Acquisition Scheme of the Comprehensive Agrarian Reform Program (CARP). Pursuant to its mandate, the Land Bank of the Philippines (LBP) determined the value of the raw lands as follows:

Transfer Certificate of Title No.	Land Area in hectares	LBP Valuation
T-9891	10	[P] 689,865.62
T-7775	54.1748	3,880,041.73
T-7778	28.4207	1,798,523.29
T-7894	10	668,043.17
T-7776	19.1197	1,375,153.126

When the petitioners rejected the valuation, the matter was referred for summary administrative proceedings for the fixing of just compensation to the Office of the Regional Agrarian Reform Adjudicator (RARAD), Davao del Norte.[7] On July 31, 2000, the RARAD rendered a Decision adopting the amount of just compensation determined by the LBP.[8]

The present controversy arose when the petitioners, as landowners, and AMS, as lessee, both demanded for just compensation over the standing crops and improvements planted and built on the lands.

The Claim of AMS

In the same RARAD proceedings, AMS filed on June 10, 2003, an *Urgent Motion to Value the Standing Crops and Improvements*[9] alleging that it is the owner of the crops and improvements on the land by virtue of its MOA with the petitioners. On June 29, 2004, the RARAD issued an order directing LBP to submit a valuation of the standing crops. In compliance therewith, LBP manifested the amount of P32,326,218.82.[10]

The petitioners sought to intervene with their own claim for ownership but their *Motion for Leave to File Complaint-In-Intervention*[11] was denied by the RARAD on July 8, 2004, for the reason that the valuation of the standing crops in favor of AMS has long been resolved. However, the petitioners were instructed to instead plead their claim for valuation of the improvements in an appropriate initiatory proceeding.[12]

On December 11, 2006, the RARAD issued a Consolidated Decision[13] setting aside its earlier Decision dated July 31, 2000 and ruled anew on the just compensation, not only for the raw lands, but for the standing crops and improvements thereon as well. Just compensation for the lands was awarded to the petitioners as landowners, while just compensation for the crops and improvements was awarded to AMS, thus:

> WHEREFORE, premises considered, judgment is hereby rendered setting aside the previous Decisions rendered in these cases and a new

Consolidated Decision is rendered declaring the amounts indicated below as the just compensation of the subject landholdings as follows:

Title No.	Value of raw Land	Value of the standing Crops and other Improvements
T-9891	[P] 689,865.62	[P] 8,101,840.50
T-7775	3,880,041.73	44,379,299.00
T-7778	1,798,523.29	23,843,838.00
T-7894	688,043.17	7,695,784.80
T-7776	1,375,153.12	15,651,806.00

Directing LBP to pay AMS the value of the standing crops and other improvements and pay the corresponding owners of the value of their landholdings.

SO ORDERED.[14]

From this decision, the petitioners and LBP pursued an appeal before the Department of Agrarian Reform Adjudication Board (DARAB) Central Office but, their notice of appeal was denied due course for being an improper remedy. The denial was embodied in an Order[15] dated February 5, 2007. In so denying, the RARAD explained that an appeal from a RARAD decision must be filed with the RTC acting as a Special Agrarian Court (SAC) pursuant to Section 11, Rule XIII of the 1994 DARAB Rules of Procedure. In the same order, the RARAD issued a writ of execution directing the Department of Agrarian Reform (DAR) sheriffs[16] to execute the Consolidated Decision dated December 11, 2006.

Conformably with the writ of execution, the DAR sheriffs sent a *Request to Allocate and Release the Amount of P99,672,568.30 from the Agrarian Reform Fund*[17] to the President of LBP.

On March 28, 2007, LBP applied for an injunction[18] with the DARAB seeking, in the main, to restrain the enforcement of the RARAD Consolidated Decision dated December 11, 2006 and to elevate its appeal to the DARAB. In its Resolution[19] dated October 24, 2007, the DARAB granted the injunction.

The Claim of the Petitioners

Meanwhile, the petitioners filed on February 16, 2005, their claim of ownership over the standing crops and improvements on the subject lands with the RARAD of Region XI, Ecoland, Davao City.[20] The petitioners averred that the lease contract with AMS already expired in 1995 and thus they automatically became the owners of the standing crops and the improvements constructed on the subject lands. They alleged that pursuant to the lease contract, the only right or option of AMS is to remove the buildings, facilities, equipment, machineries and similar structures and improvements on the leased premises and since AMS failed to exercise such option, the petitioners now own the standing crops and improvements. They denied signing

a MOA and averred that a certain Martha Banaag signed the same without their consent. They prayed that the just compensation for the standing crops and improvements, after a determination made by the LBP, be awarded to them.

In its answer,[21] AMS insisted on the validity of the MOA. It also bolstered its claim of ownership by averring that it registered the crops and improvements on the land in its name for taxation purposes.

In a Consolidated Decision[22] dated October 17, 2005, the RARAD dismissed the petitioners' claim. The ownership of the standing crops and improvements and just compensation therefor were awarded to AMS, on the basis of these findings, *viz*: (1) the improvements were introduced and constructed by AMS; (2) the right to remove the improvements accorded to AMS by the contract of lease is a clear indication that it is the owner thereof; (3) AMS was, in effect, a planter in good faith who must be indemnified for its works pursuant to Article 448 of the Civil Code; and (4) AMS secured tax declarations and paid the corresponding realty taxes for the crops and improvements.

The petitioners sought reconsideration[23] but their motion was denied in the RARAD Resolution dated February 2, 2006.[24]

The petitioners filed a Notice of Appeal[25] with the RARAD expressing their desire to appeal its Consolidated Decision dated October 17, 2005 to the DAR Secretary, but was denied due course in an Order[26] dated March 23, 2006, on the ground of wrong venue and absence of a certification on non-forum shopping. In the same Order, the RARAD granted the Motion for Entry of Final and Executory Decision of AMS.

The petitioners moved for reconsideration but their motion was again denied in an Order[27] dated June 8, 2006. Consequently, the Consolidated Decision dated October 17, 2005 was entered in the books of entries of judgment on October 12, 2006.[28]

Unrelenting, the petitioners filed on June 22, 2007, before the RTC of Tagum City, Davao Del Norte, Branch 30, herein Civil Case No. 3867 against AMS for the determination of the rightful owner of the standing crops and improvements planted and/or built on the subject lands.[29]

Resisting the claim of the petitioners, AMS moved for the complaint's dismissal on the following grounds: (a) it is barred by the prior judgment of the DARAB; (b) the petitioners have no cause of action against AMS; (c) the petitioners are guilty of forum-shopping; and (d) not all the petitioners have signed the verification and certification of the complaint.[30]

In the assailed Order dated July 7, 2008, the RTC granted the motion to dismiss. Upholding the contentions of AMS, the RTC found the petitioners guilty of forum-shopping because the subject matter and the parties before it were similarly involved in the proceedings before the DARAB. The RTC also ruled that the petitioners should have appealed the DARAB's findings with the RTC acting as a SAC instead of initiating the herein civil suit. The petitioners moved for reconsideration

but the motion was denied in the assailed Order dated March 23, 2009. From such denial, the petitioners directly interposed the present recourse.

The petitioners argue that no valid prior judgment bars their complaint before the RTC because the DARAB had no jurisdiction over the issue of ownership on the standing crops and improvements on the subject lands and as such, its Decisions dated October 17, 2005 and December 11, 2006 were void. They anchor their contentions in the Court's pronouncement in the similar case of *Land Bank of the Philippines v. AMS Farming Corporation*[31] promulgated on October 15, 2008.

In its Comment,[32] the LBP, through the Office of the Solicitor General (OSG), prayed for the dismissal of the present petition on procedural and substantive grounds, to wit: (a) the petition was filed only on June 16, 2009 or beyond the extension granted by the Court for the filing of the same which expired on June 10, 2009; (b) factual issues, which necessitate a trial, must be initially resolved before the legal issue on ownership of the standing crops and improvements can be determined; and (c) the petitioners violated the rule against forum-shopping when they failed to disclose that proceedings before the DARAB were conducted involving the similar issue of ownership over the standing crops and improvements on the subject lands.

AMS, on the other hand, essentially re-pleads its contentions raised before the RTC and adds that the petition ought to be dismissed since it does not indicate under what rule it was filed and that is not sanctioned by any of the modes of appeal under the Rules of Court, specifically Rules 45 and 65 thereof.[33]

The Ruling of the Court

The procedural issues hoisted by the respondents in entreating the outright dismissal of the petition must be preliminarily resolved.

The petition is deemed filed under Rule 45 of the Rules of Court.

The fact that the present petition did not specify the rule by which it was filed does not *ipso facto* merit its outright dismissal. As ruled in *Mendoza v. Villas,*[34] the Court has the discretion to determine whether a petition was filed under Rule 45 or 65 of the Rules of Court in accordance with the liberal spirit permeating the Rules of Court and in the interest of justice.

The Court cannot treat the instant petition as filed under Rule 65 of the Rules of Court as such would breach the principle of hierarchy of courts, which espouses:

> This Court's original jurisdiction to issue writs of *certiorari* is not exclusive. It is shared by this Court with Regional Trial Courts and with the Court of Appeals. **This concurrence of jurisdiction is not, however, to be taken as according to parties seeking any of the writs an absolute, unrestrained freedom of choice of the court to which application therefor will be directed**. There is after all a hierarchy of courts. That hierarchy is determinative of the venue of