

## THIRD DIVISION

[ G.R. No. 178266, July 21, 2008 ]

**PEOPLE OF THE PHILIPPINES, PETITIONER, VS. SAMUEL AND  
LORETA VANZUELA, RESPONDENTS.**

### DECISION

**NACHURA, J.:**

Before this Court is a Petition for Review on Certiorari<sup>[1]</sup> under Rule 45 of the Rules of Civil Procedure. The petitioner People of the Philippines (petitioner) seeks the reversal of the Order<sup>[2]</sup> dated May 18, 2007, issued by the Regional Trial Court (RTC), Branch 30 of Surigao City, which dismissed for lack of jurisdiction over the subject matter the criminal case for estafa filed by private complainant Veneranda S. Paler (Veneranda) against respondents Samuel Vanzuela (Samuel) and his wife, Loreta Vanzuela (Loreta) (respondents). The case ostensibly involves an agrarian dispute, hence, according to the RTC, within the exclusive original jurisdiction of the Department of Agrarian Reform Adjudication Board (DARAB).

The antecedents are as follows:

Veneranda is the wife of the late Dionisio Paler, Sr.<sup>[3]</sup> who is the registered owner of a parcel of irrigated riceland, containing an area of more than four (4) hectares, situated in *Barangay* Mabini (Roxas), Mainit, Surigao del Norte, and covered by Original Certificate of Title (OCT) No. 5747.<sup>[4]</sup> One (1) hectare of this riceland (subject property) was cultivated by the respondents as agricultural tenants for more than ten (10) years, with an agreed lease rental of twelve and one half (12½) cavans of palay, at 45 kilos per cavan, per harvest. The respondents allegedly failed to pay the rentals since 1997. Initially, Veneranda brought the matter before the Department of Agrarian Reform (DAR) Office in Mainit, Surigao del Norte, but no amicable settlement was reached by the parties. Thus, Veneranda filed a criminal complaint for estafa against the respondents.

Consequently, respondents were charged in an Information<sup>[5]</sup> dated February 28, 2002 which reads:

That in about and during the period from 1997 to 2001 in Brgy. Roxas, Mainit, Surigao del Norte, Philippines and within the jurisdiction of this Honorable Court, said spouses Samuel and Loreta Vanzuela, conspiring, confederating and mutually helping one another, having leased and occupied the farmland of Veneranda S. Paler and other heirs of the late Dionesio Paler, Sr., and having harvested and accounted for a total of 400 sacks of palay for the past 10 harvest seasons of which 25% thereof were hold (sic) in trust by them or a total value of P80,000.00, did then and there willfully, unlawfully and feloniously misappropriate, misapply and convert said sum of P80,000.00 to their own use and benefit to the

damage and prejudice of said Veneranda Paler and other heirs of the late Dionesio Paler, Sr. in the aforementioned sum of P80,000.00.

Contrary to law.

Upon arraignment, respondents pleaded not guilty. During pre-trial, the parties agreed that the respondents had been the agricultural tenants of Veneranda for more than ten (10) years; and that the palay was harvested twice a year on the subject property. Thereafter, trial on the merits ensued. After the prosecution rested its case, the respondents filed a Demurrer to Evidence,<sup>[6]</sup> praying that the criminal case be dismissed for failure of the petitioner to establish the culpability of the respondents beyond reasonable doubt. Petitioner filed a Comment/Opposition<sup>[7]</sup> arguing that the respondents, as agricultural tenants, were required by law to hold the lease rentals in trust for the landowner and thereafter turn over the same to the latter.

In an Order<sup>[8]</sup> dated May 18, 2007, the RTC dismissed the criminal case ratiocinating, thus:

From the averments of the information, the admissions of the parties and the evidence adduced by the prosecution, it is easily discernable (sic) that the instant case pertains to the non-payment of rentals by the accused to the private complainant, involving a lease of an agricultural land by the former from the latter. This being so, the controversy in the case at bench involves an agrarian dispute which falls under the primary and exclusive original jurisdiction of the Department of Agrarian Reform Adjudication Board (DARAB), pursuant to Section 1, Rule II of the DARAB New Rules of Procedure, x x x.

Citing our ruling in *David v. Rivera*<sup>[9]</sup> and *Philippine Veterans Bank v. Court of Appeals*,<sup>[10]</sup> the RTC opined that it had no jurisdiction over the subject matter of the case because the controversy had the character of an "agrarian dispute." The trial court did not find it necessary to rule on the respondents' Demurrer to Evidence and, in fact, no mention of it was made in the assailed Order of May 18, 2007. Hence, this petition raising the following issues:

1. WHETHER OR NOT THE HONORABLE REGIONAL TRIAL COURT BRANCH 30, SURIGAO CITY HAS JURISDICTION OVER THE CHARGE FOR ESTAFA EVEN IF IT INVOLVES AGRICULTURAL TENANTS OF THE PRIVATE COMPLAINANT; [AND]
2. WHETHER OR NOT THE SEEMING "EXEMPTION" FROM CRIMINAL PROSECUTION OF AGRICULTURAL TENANTS FOR ESTAFA WOULD CONTRAVENE THE PROVISIONS OF SECTION 1, ARTICLE III OF THE CONSTITUTION, SPECIFICALLY THE "EQUAL PROTECTION CLAUSE."

<sup>[11]</sup>

Petitioner, on one hand, contends that, under Section 57 of Republic Act (RA) 6657, otherwise known as the "Comprehensive Agrarian Reform Law" (CARL), Special Agrarian Courts (SACs) were vested with limited criminal jurisdiction, i.e., with respect only to the prosecution of all criminal offenses under the said Act; that the only penal provision in RA 6657 is Section 73 thereof in relation to Section 74, which

does not cover estafa; that no agrarian reform law confers criminal jurisdiction upon the DARAB, as only civil and administrative aspects in the implementation of the agrarian reform law have been vested in the DAR; that necessarily, a criminal case for estafa instituted against an agricultural tenant is within the jurisdiction and competence of regular courts of justice as the same is provided for by law; that the cases relied upon by the RTC do not find application in this case since the same were concerned only with the civil and administrative aspects of agrarian reform implementation; that there is no law which provides that agricultural tenants cannot be prosecuted for estafa after they have misappropriated the lease rentals due the landowners; and that to insulate agricultural tenants from criminal prosecution for estafa would, in effect, make them a class by themselves, which cannot be validly done because there is no law allowing such classification. Petitioner submits that there is no substantial distinction between an agricultural tenant who incurs criminal liability for estafa for misappropriating the lease rentals due his landowner, and a non-agricultural tenant who likewise incurs criminal liability for misappropriation.<sup>[12]</sup>

Finally, petitioner posits that, at this point, it is premature to discuss the merits of the case because the RTC has yet to receive in full the evidence of both parties before it can render a decision on the merits. Petitioner also claims that it is pointless to delve into the merits of the case at this stage, since the sole basis of the assailed RTC Order is simply lack of jurisdiction.<sup>[13]</sup>

Respondents, on the other hand, argue that share tenancy is now automatically converted into leasehold tenancy wherein one of the obligations of an agricultural tenant is merely to pay rentals, not to deliver the landowner's share; thus, petitioner's allegation that respondents misappropriated the landowner's share of the harvest is not tenable because share tenancy has already been abolished by law for being contrary to public policy. Accordingly, respondents contend that the agricultural tenant's failure to pay his lease rentals does not give rise to criminal liability for estafa. Respondents stand by the ruling of the RTC that pursuant to Section 1, Rule II of the DARAB New Rules of Procedure, the DARAB has jurisdiction over agrarian disputes; and that respondents did not commit estafa for their alleged failure to pay their lease rentals. Respondents submit that a simple case for ejectment and collection of unpaid lease rentals, instead of a criminal case, should have been filed with the DARAB. Respondents also submit that, assuming *arguendo* that they failed to pay their lease rentals, they cannot be held liable for Estafa, as defined under Article 315, paragraph 4, No. 1(b) of the Revised Penal Code, because the liability of an agricultural tenant is a mere monetary civil obligation; and that an agricultural tenant who fails to pay the landowner becomes merely a debtor, and, thus, cannot be held criminally liable for estafa.<sup>[14]</sup>

Ostensibly, the main issue we must resolve is whether the RTC has jurisdiction over the crime of estafa, because the assailed order is premised on the RTC's lack of jurisdiction over the subject matter. However, should our resolution be in the affirmative, the more crucial issue is whether an agricultural tenant, who fails to pay the rentals on the land tilled, can be successfully prosecuted for estafa.

For the guidance of the bench and bar, we find it appropriate to reiterate the doctrines laid down by this Court relative to the respective jurisdictions of the RTC and the DARAB.

The three important requisites in order that a court may acquire criminal jurisdiction are (1) the court must have jurisdiction over the subject matter; (2) the court must have jurisdiction over the territory where the offense was committed; and (3) the court must have jurisdiction over the person of the accused.<sup>[15]</sup>

First. It is a well-entrenched doctrine that the jurisdiction of a tribunal over the subject matter of an action is conferred by law. It is determined by the material allegations of the complaint or information and the law at the time the action was commenced. Lack of jurisdiction of the court over an action or the subject matter of an action, cannot be cured by the silence, acquiescence, or even by express consent of the parties. Thus, the jurisdiction of the court over the nature of the action and the subject matter thereof cannot be made to depend upon the defenses set up in the court or upon a motion to dismiss; otherwise, the question of jurisdiction would depend almost entirely on the defendant. Once jurisdiction is vested, the same is retained up to the end of the litigation.<sup>[16]</sup>

In the instant case, the RTC has jurisdiction over the subject matter because the law confers on it the power to hear and decide cases involving estafa. In *Arnado v. Buban*,<sup>[17]</sup> we held that:

Under Article 315 of the Revised Penal Code, "the penalty of *prision correccional* in its maximum period to *prision mayor* in its minimum period shall be imposed if the amount of the fraud is over P12,000.00 but does not exceed P22,000.00; and if such amount exceeds the latter sum, the penalty provided x x x shall be imposed in its maximum period, adding one (1) year for its additional P10,000.00 x x x." *Prision mayor* in its minimum period, ranges from six (6) years and one (1) day to eight (8) years. Under the law, the jurisdiction of municipal trial courts is confined to offenses punishable by imprisonment not exceeding six (6) years, irrespective of the amount of the fine.

Hence, jurisdiction over the criminal cases against the [respondents] pertains to the regional trial court. x x x

The allegations in the Information are clear — Criminal Case No. 6087 involves alleged misappropriation of the amount of P80,000.00.

*Second.* The RTC also has jurisdiction over the offense charged since the crime was committed within its territorial jurisdiction.

*Third.* The RTC likewise acquired jurisdiction over the persons of the respondents because they voluntarily submitted to the RTC's authority. Where the court has jurisdiction over the subject matter and over the person of the accused, and the crime was committed within its territorial jurisdiction, the court necessarily exercises jurisdiction over all issues that the law requires the court to resolve.<sup>[18]</sup>

Thus, based on the law and material allegations of the information filed, the RTC erroneously concluded that it lacks jurisdiction over the subject matter on the premise that the case before it is purely an agrarian dispute. The cases relied upon by the RTC, namely, *David v. Rivera*<sup>[19]</sup> and *Philippine Veterans Bank v. Court of Appeals*,<sup>[20]</sup> are of different factual settings. They hinged on the subject matter of

Ejectment and Annulment of Certificate of Land Ownership Awards (CLOAs), respectively. It is true that in *Machete v. Court of Appeals*<sup>[21]</sup> this Court held that RTCs have no jurisdiction over cases for collection of back rentals filed against agricultural tenants by their landowners. In that case, however, what the landowner filed before the RTC was a collection suit against his alleged tenants. These three cases show that trial courts were declared to have no jurisdiction over civil cases which were initially filed with them but were later on characterized as agrarian disputes and thus, within DARAB's jurisdiction. No such declaration has been made by this Court with respect to criminal cases.

Instead, we have *Monsanto v. Zerna*,<sup>[22]</sup> where we upheld the RTC's jurisdiction to try the private respondents, who claimed to be tenants, for the crime of qualified theft. However, we stressed therein that the trial court cannot adjudge civil matters that are beyond its competence. Accordingly, the RTC had to confine itself to the determination of whether private respondents were guilty of the crime. Thus, while a court may have authority to pass upon the criminal liability of the accused, it cannot make any civil awards that relate to the agrarian relationship of the parties because this matter is beyond its jurisdiction and, correlatively, within DARAB's exclusive domain.

In the instant case, the RTC failed to consider that what is lodged before it is a criminal case for estafa involving an alleged misappropriated amount of P80,000.00 -- a subject matter over which the RTC clearly has jurisdiction. Notably, while the RTC has criminal jurisdiction conferred on it by law, the DARAB, on the other hand, has no authority to try criminal cases at all. In *Bautista v. Mag-isa Vda. de Villena*,<sup>[23]</sup> we outlined the jurisdiction of the DARAB, to wit:

For agrarian reform cases, jurisdiction is vested in the Department of Agrarian Reform (DAR); more specifically, in the Department of Agrarian Reform Adjudication Board (DARAB).

Executive Order 229 vested the DAR with (1) quasi-judicial powers to determine and adjudicate agrarian reform matters; and (2) jurisdiction over all matters involving the implementation of agrarian reform, except those falling under the exclusive original jurisdiction of the Department of Agriculture and the Department of Environment and Natural Resources. This law divested the regional trial courts of their general jurisdiction to try agrarian reform matters.

Under Republic Act 6657, the DAR retains jurisdiction over all agrarian reform matters. The pertinent provision reads:

Section 50. *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 and the Department of Environment and Natural Resources.

It shall not be bound by technical rules of procedure and evidence but shall proceed to hear and decide all cases,