

FIRST DIVISION

[G.R. NO. 159089, May 03, 2006]

**ISLANDERS CARP-FARMERS BENEFICIARIES MULTI-PURPOSE
COOPERATIVE, INC., PETITIONER, VS. LAPANDAY
AGRICULTURAL AND DEVELOPMENT CORPORATION,
RESPONDENT.**

DECISION

PANGANIBAN, CJ:

The Department of Agrarian Reform Adjudication Board (DARAB) has jurisdiction to determine and adjudicate all agrarian disputes involving the implementation of the Comprehensive Agrarian Reform Law (CARL). Included in the definition of agrarian disputes are those arising from other tenurial arrangements beyond the traditional landowner-tenant or lessor-lessee relationship. Expressly, these arrangements are recognized by Republic Act 6657 as essential parts of agrarian reform. Thus, the DARAB has jurisdiction over disputes arising from the instant Joint Production Agreement entered into by the present parties.

The Case

Before us is a Petition for Review^[1] under Rule 45 of the Rules of Court, seeking to reverse the June 30, 2003 Decision^[2] of the Court of Appeals (CA) in CA-GR CV No. 65498. The assailed Decision disposed as follows:

"WHEREFORE, premises considered, the appealed decision dated October 18, 1999 dismissing the complaint filed by [petitioner] issued by the Regional Trial Court of Tagum City, Branch 1, is hereby **AFFIRMED**."^[3]

The Facts

The facts of the case are narrated by the CA in this wise:

"On March 8, 1993, a certain Ramon Cajegas entered into a Joint Production Agreement for Islanders Carp-Farmer Beneficiaries Multi-Purpose Cooperative, Inc. [petitioner] with Lapanday Agricultural and Development Corporation [respondent].

"Almost three years after, on April 2, 1996, [petitioner], represented by its alleged chairman, Manuel K. Asta, filed a complaint [with the RTC] for Declaration of Nullity, Mandamus, Damages, with prayer for Preliminary Injunction against [respondent], the alleged x x x officers [of petitioner] who entered into the agreement, and the Provincial Agrarian Reform Office of Davao (hereinafter PARO), represented by Saturnino D. Sibbaluca. [Petitioner] subsequently filed an amended complaint with leave of court alleging that the persons, who executed the contract were

not authorized by it.

"[Respondent] then filed a Motion to Dismiss on April 18, 1996 x x x, stating that the Department of Agrarian Reform Adjudication Board (hereinafter DARAB) has primary, exclusive, and original jurisdiction; that [petitioner] failed to comply with the compulsory mediation and conciliation proceedings at the barangay level; and for the unauthorized institution of the complaint in behalf of [petitioner]. [Respondent] also averred that [petitioner] was engaged in forum shopping because [it] also filed a petition before the Department of Agrarian Reform praying for the disapproval of the Joint Production Agreement. x x x PARO also filed a motion to dismiss on May 16, 1996.

"On August 21, 1996, [respondent] then filed a case at the DARAB for Breach of Contract, Specific Performance, Injunction with Restraining Order, Damages and Attorney's Fees. On February 25, 1997, the DARAB decided the case in favor of [respondent] declaring the Joint Production Agreement as valid and binding and ordering [petitioner] to account for the proceeds of the produce and to comply with the terms of the contract.

"The [RTC] then issued [its] decision on October 18, 1999.

"[Petitioner], before [the CA], rais[ed] the following errors on appeal:

'I

'THE [RTC] GRAVELY ERRED IN DISMISSING THE CASE AT BAR ON THE GROUND OF LACK OF JURISDICTION.

'II

'THE [RTC] GRAVELY ERRED IN NOT DECLARING THE JOINT PRODUCTION AGREEMENT AS NULL AND VOID AB INITIO'"[4]

Ruling of the Court of Appeals

Finding the relationship between the parties to be an agricultural leasehold, the CA held that the issue fell squarely within the jurisdiction of the DARAB. Hence, the appellate court ruled that the RTC had correctly dismissed the Complaint filed by petitioner.

Moreover, being in the nature of an agricultural leasehold and not a shared tenancy, the Joint Production Agreement entered into by the parties was deemed valid by the CA. The agreement could not be considered contrary to public policy, simply because one of the parties was a corporation.

Hence, this Petition.[5]

Issues

Petitioner raises the following issues for the Court's consideration:

'I

'Whether or not x x x the x x x Court of Appeals gravely erred in affirming the dismissal of the case at bench by RTC of Tagum City on the ground that it has no jurisdiction over the subject matter and nature of the suit.

'II

'Whether or not x x x the x x x Court of Appeals gravely erred in finding that the "Joint Production Agreement" is valid instead of declaring it as null and void ab initio, its provisions, terms and condition, cause and purposes being violative of [t]he express mandatory provision of R.A. 6657.

'III

'Whether or not x x x the x x x Court of Appeals gravely erred in holding that the "Joint Production Agreement" is a leasehold contract and therefore valid.

'IV

"Whether or not x x x the x x x Court of Appeals gravely erred in interpreting and applying the prevailing doctrines and jurisprudence delineating the jurisdiction between the regular court and DARAB on the matter of agricultural land and tenancy relationship."^[6]

Simply put, the question to be resolved by the Court is this: which of the various government agencies has jurisdiction over the controversy?

The Court's Ruling

The Petition has no merit.

Sole Issue: **Jurisdiction**

Section 50 of Republic Act 6657^[7] and Section 17 of Executive Order 229^[8] vests in the Department of Agrarian Reform (DAR) the primary and exclusive jurisdiction, both original and appellate, to determine and adjudicate all matters involving the implementation of agrarian reform.^[9] Through Executive Order 129-A,^[10] the President of the Philippines created the DARAB and authorized it to assume the powers and functions of the DAR pertaining to the adjudication of agrarian reform cases.^[11]

Moreover, Rule II of the Revised Rules of the DARAB provides as follows:

"Section 1. *Primary and Exclusive Original and Appellate Jurisdiction.* -- The Board shall have primary and exclusive jurisdiction, both original and appellate, to determine and adjudicate *all agrarian disputes* involving the implementation of the Comprehensive Agrarian Reform Program (CARP)

under Republic Act No. 6657, Executive Order Nos. 228 and 129-A, Republic Act No. 3844 as amended by Republic Act No. 6389, Presidential Decree No. 27 and other agrarian laws and their implementing rules and regulations. Specifically, such jurisdiction shall include but not be limited to cases involving the following:

a) The rights and obligations of persons, *whether natural or juridical, engaged in the management, cultivation and use of all agricultural lands covered by the CARP and other agrarian laws[.]*"

[12]

The subject matter of the present controversy falls squarely within the jurisdiction of the DARAB. In question are the rights and obligations of two juridical persons engaged in the *management, cultivation and use* of agricultural land acquired through the Comprehensive Agrarian Reform Program (CARP) of the government.

Petitioner contends that, there being no tenancy or leasehold relationship between the parties, this case does not constitute an agrarian dispute that falls within the DARAB's jurisdiction.[13]

We clarify. To prove tenancy or an agricultural leasehold agreement, it is *normally* necessary to establish the following elements: 1) the parties are the landowner and the tenant or agricultural lessee; 2) the subject matter of the relationship is a piece of agricultural land; 3) there is consent between the parties to the relationship; 4) the purpose of the relationship is to bring about agricultural production; 5) *there is personal cultivation on the part of the tenant or agricultural lessee*; and 6) the harvest is shared between the landowner and the tenant or agricultural lessee.[14]

In the present case, the fifth element of personal cultivation is clearly absent. Petitioner is thus correct in claiming that the relationship between the parties is not one of tenancy or agricultural leasehold. Nevertheless, we believe that the present controversy still falls within the sphere of *agrarian disputes*.

An agrarian dispute "refers to any controversy relating to tenurial arrangements -- whether leasehold, tenancy, stewardship or otherwise -- over lands devoted to agriculture. Such disputes include those concerning farm workers' associations or representations of persons in negotiating, fixing, maintaining, changing or seeking to arrange terms or conditions of such tenurial arrangements. Also included is any controversy relating to the terms and conditions of transfer of ownership from landowners to farm workers, 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." [15]

It is clear that the above definition is broad enough to include disputes arising from any tenurial arrangement beyond that in the traditional landowner-tenant or lessor-lessee relationship.

Tenurial Arrangements Recognized by Law

The assailed Joint Production Agreement [16] is a type of *joint economic enterprise*.