524 Phil. 762

FIRST DIVISION

[G.R. NO. 157491, June 20, 2006]

SPS. PROCESO AMURAO AND MINERVA AMURAO, PETITIONERS, VS. SPS. JACINTO VILLALOBOS AND HERMINIGILDA VILLALOBOS, RESPONDENTS.

D E C I S I ON

CHICO-NAZARIO, J.:

Assailed in a Petition for Review on *Certiorari* under Rule 45 of the 1997 Rules of Civil Procedure are the Decision[1] of the Court of Appeals dated 13 September 2002 that annulled and set aside the Decision and Order dated 4 January 2002 and 26 February 2002, respectively, of the Regional Trial Court (RTC) of Lemery, Batangas, Branch 5, in Civil Case No. 136-2000, and its Resolution[2] dated 4 March 2003 denying petitioners Proceso Amurao and Minerva Amurao's Motion for Reconsideration.

The antecedents are summarized by the Court of Appeals.

> Petitioners are the owners of a parcel of land covered and embraced by Tax Declaration No. 90-000504 located at Arumahan, Lemery, Batangas, with an area of 38,727 square meters, more or less. Petitioners bought the said parcel of land from a certain Ruperto Endozo sometime in 1987. At the time of the sale, respondents, who were tenants of Ruperto Endozo, were cultivating the said land. Petitioners, nonetheless, allowed respondents to continue cultivating the subject land until such time when the former's need for it arises.
>
> Sometime in 1994, petitioners and respondents entered into a contract denominated as "Kasulatan Tungkol sa Lupang Pagtatayuan ng Bahay" (hereinafter referred to as "KASULATAN") before the Arumahan barangay officials by virtue of which respondents promised to surrender the possession of the land to petitioners should the latter need it for their personal use, while petitioners, on the other hand, bound themselves to give respondents a portion of the land covering an area of 1,000 square meters upon surrender thereof.
>
> When petitioners finally demanded respondents to vacate the land and surrender its possession to them since they are going to use it personally, respondents refused to vacate the place and to accept the 1,000 square meters given to them pursuant to their agreement. The parties then brought the matter to the Barangay but no compromise was reached. On September 13, 1999, petitioners filed a Complaint for Ejectment with the 6th Municipal Circuit Trial Court of Lemery-Agoncillo, Lemery, Batangas.

> In their Answer with Motion to Hear Special and Affirmative Defenses, respondents claimed that prior to petitioners' acquisition of the subject land, they were already occupying and working on the same as agricultural tenants since 1953 and have been religiously paying the agricultural lease rentals of the land to the former owners as well as to the petitioners. It is alleged that petitioners only wanted to take possession of the property so that they can avoid their duties and obligations to respondents as agricultural tenants. The controversy between the parties being an agrarian dispute, respondents asserted that it is the Department of Agrarian Reform Adjudication Board (DARAB) and not the court which has jurisdiction over the case.[3]

On 16 November 1999, a Preliminary Conference was conducted[4] for which a Preliminary Conference Order[5] was issued.

As directed, the parties filed their respective position papers.[6]

On 20 June 2000, the 6th Municipal Circuit Trial Court (MCTC) of Lemery-Agoncillo, Batangas disposed of the case as follows:

> IN THE LIGHT OF ALL THE FOREGOING, the Court hereby renders judgment in favor of the plaintiff[s] ordering the defendants and all persons claiming rights under them to vacate the premises in question; to pay plaintiff[s] reasonable compensation for the use and occupation of the subject premises at P500.00 a month, plus reasonable attorney's fees of P10,000.00 and costs of suit.[7]

The MCTC ruled that it has jurisdiction over the case because respondents spouses Jacinto Villalobos and Herminigilda ceased to be agricultural tenants after they executed the *"Kasulatan Tungkol sa Lupang Pagtatayuan ng Bahay"* (*"Kasunduan"* or *"Kasulatan"*) where they expressly waived their status as tenants after having been given one thousand (1000) square meters of the land in question. It explained that the *Kasulatan* is the law between the parties. And considering that petitioners have complied with their duty - to give respondents 1000 square meters - stated under the *Kasulatan*, respondents should fulfill their own commitment which is to turn over the possession of the property in question to petitioners. It added that there being no justifiable reason advanced by respondents in refusing to surrender possession of the subject land and there being a verbal demand to vacate the subject premises from the petitioner, respondents can be ejected therefrom and should be liable for damages.

Via a Notice of Appeal,[8] respondents appealed the Decision to the Regional Trial Court (RTC) of Lemery, Batangas, Branch 5, docketed as Civil Case No. 136-2000.

On 4 January 2002, the RTC rendered its Decision with the dispositive portion reading:

> WHEREFORE, FOREGOING PREMISES CONSIDERED, the judgment appealed from is hereby modified as follows:
>
> In consonance with the terms and conditions of the Kasulatan Tungkol sa Lupang Pagtatayuan ng Bahay, plaintiffs/appellees are ordered to execute

> a public instrument embodying therein the conveyance or transfer of the full and absolute ownership to the defendants/appellants the area of 1,000 square meters of land specifically the portion where their house is presently erected.
>
> With the exception to the portion of the land mentioned in the preceding paragraph, the defendants/appellants and all persons claiming rights under them are also ordered to surrender full possession and/or vacate the land in question in favor of the plaintiffs/appellees.
>
> Let the records of this case be remanded to the Court a quo for further proceedings.[9]

The RTC likewise ruled that it has jurisdiction over the case and that respondents are bonafide tenants in petitioners' land. It explained that the MCTC anchored its decision on the assumption that respondents were already occupying the 1,000 square meters of land embodied in the *Kasulatan*. It found that it was unclear whether the terms and conditions contained in the *Kasulatan* have been observed and complied with by petitioners because there was no documentary evidence showing that the 1,000 square meters of land have been transferred to the respondents. It upheld the MCTC's finding that the *Kasulatan* is the law between the parties, and to be binding, the parties should comply with its terms and conditions. Thus, for the *Kasulatan's* enforcement, it found it necessary that petitioners execute a document transferring full and absolute ownership over the 1,000 square meters of land to the respondents.

The Motion for Reconsideration[10] filed by petitioners was denied on 26 February 2002.[11]

Aggrieved, petitioners appealed to the Court of Appeals by way of Petition for Review under Rule 42 of the 1997 Rules of Civil Procedure.

In its 13 September 2002 Decision, the Court of Appeals explained:

> It is evident that both courts relied heavily on the KASULATAN in resolving to eject respondents from the subject land. However, We believe that contrary to the appreciation of both courts, the general law on property and contracts finds no application in the present conflict. The facts of the case reveal that this is not a mere case of recovery of possession of property but rather involves tenurial arrangements which give rise to an agrarian dispute over which both courts have no power to adjudicate. The tenancy relationship between petitioners and respondents is an established fact in this case. By the execution of the KASULATAN, the parties had endeavored to fix or arrange the terms or conditions of such tenurial relations.
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> x x x x
>
> Indeed, the case filed by petitioners against respondents was a clever way to circumvent our agrarian laws and deprive *bona fide* tenants such as herein respondents of benefits granted thereunder by way of contractual surrender of their rights as such agricultural tenants. While

> the case was seemingly for ejectment, it is on closer scrutiny, a subtle attempt to disguise the issues incident to or arising from an agrarian relationship. Evidently, the resolution of the agrarian dispute between the parties is a matter beyond the legal competence of regular courts. Such lack of jurisdiction over the subject matter may be raised at any stage of the proceedings - even on appeal - and even if not raised, an error in jurisdiction may be taken up. The judgment of the court *a quo* having been rendered without jurisdiction, the same is null and void.[12]

Thus, it disposed of the case as follows:

> WHEREFORE, premises considered, the present petition is hereby DENIED DUE COURSE and accordingly DISMISSED, for lack of merit. The questioned Decision and Order dated January 4, 2002 and February 26, 2002, respectively, both rendered by the Regional Trial Court of Lemery, Batangas, Branch 5, in Civil Case No. 136-2000, are hereby ANNULLED and SET ASIDE for having been rendered without jurisdiction.
>
> With costs against the petitioners.[13]

On 7 October 2002, petitioner filed a Motion for Reconsideration[14] to which respondents filed their Comment.[15] Said motion was denied on 4 March 2003.[16]

Petitioners are now before this Court assigning the following as errors:

1. THE COURT A QUO ERRED IN RULING THAT THE JUDGMENT OF THE MUNICIPAL TRIAL COURT AND THE REGIONAL TRIAL COURT ARE NULL [AND] VOID HAVING BEEN RENDERED WITHOUT JURISDICTION.

2. THE COURT A QUO ERRED IN RULING THAT THE KASUNDUAN IS NULL AND VOID.

3. THE COURT A QUO ERRED IN RULING THAT THERE STILL EXIST (sic) A LANDLORD AND TENANT RELATIONSHIP.[17]

Petitioners argue that the instant case falls within the exclusive jurisdiction of the inferior court (MCTC) pursuant to Section 1, Rule 70 of the Rules of Court. They contend that the agricultural landlord and tenant relationship between them and respondents was terminated upon the execution of the *Kasulatan*, the same already being final and executory. Alleging that the *Kasulatan* is a valid contract between the parties, they insist that it should be enforced. In other words, what they are implying is that there is no agrarian dispute over which the Department of Agrarian Reform (DAR), through the Department of Agrarian Reform Adjudication Board (DARAB), can take cognizance of.

From the records, it is without dispute that the land subject of this case was previously owned by Ruperto Endozo which petitioners bought in 1987. At the time, Endozo sold said land to petitioners, respondents were tenants of Endozo and were cultivating the land. As tenant or agricultural lessee, respondents enjoy certain rights under Republic Act No. 3844, otherwise known as the "Agricultural Land Reform Code." Section 10 of this law provides that the existence of an agricultural