514 Phil. 384

SECOND DIVISION

[G.R. NO. 144652, December 16, 2005]

ARCADIO B. DANDOY AND RICARDO MAGLANGIT, PETITIONERS, VS. ZACARIAS TONGSON, (DECEASED) REPRESENTED BY HIS HEIRS: DELIA TONGSON, GERARDO TONGSON, ROGELIO TONGSON, MINERVA TONGSON AND YOLANDA TONGSON, RESPONDENTS.

D E C I S I O N

AUSTRIA-MARTINEZ, J.:

The sole issue in this case is whether the Regional Trial Court (RTC) of Davao City, Branch 10, has jurisdiction over petitioners' action for Declaration of Agricultural Leasehold Contract Void and Inexistent, Damages, Attorney's Fees and Preliminary Injunction with Temporary Restraining Order.

On October 9, 1993, petitioners filed the aforesaid action against respondents, docketed as Civil Case No. 22380-93. Petitioners claimed that the Agricultural Leasehold Contracts dated January 23, 1976, executed between them and respondents, are null and void since at that time, the land subject of the contracts is still public land, and respondents took advantage of their poverty and ignorance and were made to believe that the property is already titled in respondents' name. According to petitioners, when they discovered that it is still public land, they filed free patent applications. They also alleged that they never gave any share of the crops to respondents.[1]

Instead of filing an answer, respondents filed a motion to dismiss the complaint on grounds of lack of cause of action, prescription, lack of jurisdiction over the nature of the action, and *litis pendentia*.[2]

In its Order dated December 22, 1993, the trial court denied the motion to dismiss. Particularly, with regard to the issue of jurisdiction, the trial court ruled that the Department of Agrarian Reform (DAR) has no jurisdiction over the case since the parties are not related as landlord and tenant, and the contracts were "fictitious" documents, which render it null and void.[3]

Thus, respondents filed their Answer. Respondent Zacarias Tongson claimed that he and his wife Encarnacion,[4] by virtue of a document entitled "Transfer of Sales Rights" executed on June 9, 1952, acquired the rights over the property from Magdalena Apa, which document was registered with the Bureau of Lands on June 16, 1952. Despite said transfer, the Apas continued occupying the property and giving to respondents a one-third share of the harvest. A certain Nestor Cabañero took over after the Apas, and in 1968, Cabañero invited his brother-in-law, herein petitioner Arcadio Dandoy, to work with him on the land. After Cabañero died, Dandoy, in turn, invited petitioner Ricardo Maglangit to work with him. They kept

the usual arrangement with the Apas that one-third share of the harvest is given to the Tongsons. When Presidential Decree (P.D.) No. 27 was enacted, petitioners started paying 25% of the harvest, with Dandoy paying an annual lease rental of 18.5 cavans of *palay* and Maglangit 9.5 cavans. Respondents contend that petitioners entered into the leasehold contract freely and voluntarily. It was in 1977 that petitioners stopped paying lease rentals to the Tongsons. As affirmative defenses, respondents reiterated the grounds set forth in their motion to dismiss.[5]

On June 19, 1996, the trial court rendered its decision in favor of petitioners, with the following dispositive portion:

> WHEREFORE, the Agricultural Leasehold Contract between Arcadio Dandoy and Zacarias Tongson, and the Agricultural Leasehold Contract between Ricardo Maglangit and Zacarias Dandoy (*sic*), both dated January 23, 1976, are hereby declared null and void ab initio and legally inexistent, without any award of damages, attorney's fees and costs. The counterclaim is dismissed.
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> SO ORDERED.[6]

Respondents filed an appeal to the Court of Appeals (CA), docketed as CA-G.R. CV No. 54625. On January 31, 2000, the CA rendered its decision,[7] the dispositive portion of which reads:

> IN VIEW OF ALL THE FOREGOING, the appealed decision is hereby REVERSED AND SET ASIDE and a new one entered DISMISSING Civil Case No. 22380-93 for lack of jurisdiction. No pronouncement as to costs.
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> SO ORDERED.[8]

In dismissing Civil Case No. 22380-93, the CA concluded that jurisdiction over the case was vested with the Department of Agrarian Reform Adjudication Board (DARAB), and not the RTC, thus:

> The case at bar was filed on October 7, 1993. At that time, Executive Order No. 229, Proclamation No. 131 and R.A. No. 6657, otherwise known as the "Comprehensive Agrarian Reform Program (CARP, for brevity) were already in place proclaiming the whole Philippine Islands to be covered by the land reform programs, including public alienable lands. Simply put, at the time this suit was filed in 1993, the subject property is already covered by the CARP. Correspondingly, dispute on the existence of agricultural tenancy relationship between the parties is solely vested with the agrarian department. It is now settled that with the advent of Executive Order No. 229 and the Comprehensive Agrarian Reform Law on June 14, 1988, the Regional Trial Courts have been divested of jurisdiction to try agrarian cases, now lodged exclusively with the DAR *(Quismundo vs. Court of Appeals, 201 SCRA 609 [1991]; Vda. de Tangub vs. Court of Appeals, 191 SCRA 885 [1990]).* Stated otherwise, the jurisdiction to try and adjudicate all agrarian disputes, suits or concerns is vested in the Department of Agrarian Reform Adjudicatory (*sic*) Board (DARAB) and its delegated agencies in the provinces and cities, except

> the determination of just compensation which is lodged with the special agrarian courts (Regional Trial Courts) and criminal offenses that are violative of the acts mention in R.A. No. 6657, and the cut-off date is August 29, 1987.[9]

Their motion for reconsideration having been denied,[10] petitioners filed the present petition for review on *certiorari* based on the following "legal issues":

> (a) Whether or not a complaint for declaration of nullity and inexistence of agricultural leasehold contracts and the averments of tenancy relationship between the parties in the Answer or in the Motion to Dismiss automatically make the nature of the action agrarian in nature which calls for the application of the Agricultural Tenancy Act and assumption of jurisdiction of the Department of Agrarian Reform Adjudication Board (DARAB);
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> (b) Whether or not the pronouncement of the Honorable Supreme Court in the cases of Quismundo vs. Court of Appeals, 201 SCRA 609 [1991] and Vda. De Tangub vs. Court of Appeals, 191 SCRA 885 [1990] was correctly applied by the Honorable Court of Appeals in the instant case. [11]

Petitioners argue that it is the RTC that has jurisdiction over the case on the ground that the case at bar is not an agrarian dispute but an action incapable of pecuniary estimation. The allegation in respondents' Answer of agricultural tenancy does not divest the trial court of jurisdiction absent proof of its existence, and since respondents failed to prove the same, the cases of *Quismundo vs. Court of Appeals,* 201 SCRA 609 (1991) and *Vda. De Tangub vs. Court of Appeals,* 191 SCRA 885 (1990) are not applicable.

It is settled that jurisdiction over the subject matter on the existence of the action is determined by the material allegations of the complaint and the law, irrespective of whether or not the plaintiff is entitled to recover all or some of the claims or reliefs sought therein.[12] Such jurisdiction cannot be made to depend upon the defenses set up in the court or upon a motion to dismiss for, otherwise, the question of jurisdiction would depend almost entirely on the defendant.[13] Once jurisdiction is vested, the same is retained up to the end of the litigation.[14]

In this case, the CA was correct in holding that jurisdiction is determined by the law at the time of the filing of the complaint. However, it was an error for the CA to rule that it is the DARAB that has jurisdiction over the case. Under Rule II, Section 1 of the Revised Rules of Procedure of the DARAB, the DARAB has primary jurisdiction, both original and appellate, to determine and adjudicate all agrarian disputes, cases, controversies, and matters or incidents involving the implementation of the Comprehensive Agrarian Reform Program (CARP) under Republic Act (R.A.) No. 6657, Executive Order Nos. 229, 228, and 129-A, R.A. No. 3844, as amended by R.A. No. 6389, P.D. No. 27, and other agrarian laws and their implementing rules and regulations.

The CA erroneously applied Section 1 (c), Rule II of the Revised Rules of Procedure of the DARAB, as this is limited only to cases involving the annulment or cancellation of lease contracts or deeds of sale or their **amendments involving lands under**

the administration and disposition of the DAR or Land Bank of the Philippines (LBP), *i.e.*, those already acquired for CARP purposes and distributed to qualified farmer-beneficiaries.[15] The property subject of this petition is a public land not within the administration and disposition of the DAR or the LBP. Hence, Section 1 (c) of Rule II is not applicable.

Furthermore, the fact that Lot No. 294 is an agricultural land does not *ipso facto* make it an agrarian dispute within the jurisdiction of the DARAB.[16] For the present case to fall within DARAB jurisdiction, there must exist a tenancy relationship between the parties. An allegation that an agricultural tenant tilled the land in question does not make the case an agrarian dispute.[17]

In order for a tenancy agreement to take hold over a dispute, it is necessary that the following indispensable elements are established: 1) ***that the parties are the landowner and the tenant or agricultural lessee;*** 2) that the subject matter of the relationship is an agricultural land; 3) that there is consent between the parties to the relationship; 4) that the purpose of the relationship is to bring about agricultural production; 5) that there is personal cultivation on the part of the tenant or agricultural lessee; and 6) that the harvest is shared between the landowner and the tenant or agricultural lessee.[18] It is not enough that these requisites are alleged; these requisites must be shown in order to divest the regular court of its jurisdiction in proceedings lawfully began before it.[19]

It must be emphasized that the complaint filed by petitioners is one for the declaration of nullity of the agricultural leasehold contracts. Petitioners' stance is that the contracts are not valid based primarily on the ground that respondents are not the lawful owners of the property subject of the contract. On the other hand, respondents contend that there exists a tenancy relationship between them and petitioners. Thus, the question whether or not there exists an agricultural tenancy relationship between petitioners and respondents arises. It is incumbent upon the trial court to first hear and receive evidence for the purpose of determining whether or not there was indeed a tenancy relationship. Thus, in *David vs. Rivera,*[20] the Court held that where the very issue determinative of the question of jurisdiction is the real relationship existing between the parties, it is necessary that evidence be first presented by the parties before the question of jurisdiction may be passed upon by the court. Once its existence is established, the trial court should dismiss the case for lack of jurisdiction.[21] But if it is shown that there was no tenancy relationship, then the trial court properly has jurisdiction over the case, and the next logical step is to determine whether the agricultural leasehold contracts are invalid. In this case, the RTC found no tenancy relationship between the parties and accordingly, proceeded to determine whether or not the Agricultural Leasehold Contracts are valid.

On this score, the trial court found that the contracts are null and void, to wit:

> Hence, considering the foregoing discussion of the evidence adduced by the parties; and the fact that the land in dispute is public land without any approved application of any kind; the fact that the Agricultural Leasehold Contracts in question were prepared by some officials of the MAR who did not observe the provisions of Section 12 of Republic Act No. 1199 quoted above, in January 1976, when the law on land reform as

> well as the jurisdiction of the MAR did not include public lands not covered by any award to or any approved application of anyone; the fact that there were no clear and determinate rights of Magdalena Apa which she assigned and transferred to Encarnacion Tongson under Exhibit "9" and that her sales application pertains to ten hectares of Lot 204 and not to any portion of Lot 294 (Exh. "8"); the fact that Encarnacion Tongson's sales application, no copy of which has even been presented in this case, has been rejected like the free patent applications of the plaintiffs although their administrative case is still pending resolution by the Office of the President; and the fact that there is no evidence showing that Zacarias Tongson or his wife Encarnacion has a tax declaration on the land being claimed by them and has paid the real estate taxes thereon through the years unlike the plaintiffs who presented evidence of both as well as a certified true copy of an approved survey plan of their occupancies, approved by the Bureau of Lands -- it follows there really is no lawful and determinate object of the Agricultural Leasehold Contracts in question between the plaintiffs and Zacarias Tongson. A scrutiny of the exhibits of the defendants will bear this out.
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> Thus, the Agricultural Leasehold Contracts in question (Exhs. "C" & "J") are null and void ab initio and legally inexistent; and hence, the plaintiffs' cause of action in this case has not prescribed (Articles 1409 and 1410 of the Civil Code).[22]

The rule is that findings of fact of trial courts are accorded great respect by appellate courts. Unless some facts of substance that could overturn the decision had been omitted or overlooked, appellate courts will not disturb their findings.[23]

It is noted that the trial court erred in declaring that the sales application of Magdalena Apa pertained to Lot No. 204 and not to Lot No. 294 subject matter of herein petition. An examination of Exhibit "8," Apa's sales application, indeed reveals that the first part of Magdalena Apa's sales application pertained to Lot No. 204.[24] However, at the back of the sales application, a sketch of the property is shown and the property is described as Lot No. 294.[25] Thus, it may be reasonably concluded that Lot No. 204 earlier referred to is a mere typographical error and Lot No. 294, subject of the Agricultural Leasehold Contracts, is the property involved in the present controversy. In any event, the evidence on record substantially supports the trial court's findings.

The element that the parties must be the landowner and the tenant or agricultural lessee, on which all other requisites of the tenancy agreement depends, is absent in this case. Tenancy relationship can only be created with the consent of the **true and lawful landholder who is either the owner, lessee, usufructuary or legal possessor of the land,** and not thru the acts of the supposed landholder who has no right to the land subject of the tenancy.[26]

The deed denominated as "Transfer of Sales Rights" executed by Magdalena Apa in favor of Encarnacion Tongson merely conveyed to Tongson the former's rights over the agricultural sales application for Lot No. 294. It did not transfer any title or