

## FIRST DIVISION

[ G.R. No. 139561, June 10, 2003 ]

**SPOUSES FEDERICO ATUEL AND SARAH ATUEL AND SPOUSES  
GEORGE GALDIANO AND ELIADA GALDIANO, PETITIONERS, VS.  
SPOUSES BERNABE VALDEZ AND CONCHITA VALDEZ,  
RESPONDENTS.**

### D E C I S I O N

**CARPIO, J.:**

#### The Case

Before us is a petition for review on *certiorari*<sup>[1]</sup> seeking to reverse the Decision<sup>[2]</sup> of the Court of Appeals dated 20 May 1999 in CA-G.R. SP No. 48682 as well as the Resolution dated 14 July 1999 denying the Motion for Reconsideration. The Court of Appeals in its assailed decision affirmed the Decision of the Department of Agrarian Reform Adjudication Board<sup>[3]</sup> ("DARAB") which reversed the Decision<sup>[4]</sup> of the Municipal Agrarian Reform Office ("MARO") in Malaybalay, Bukidnon. The MARO of Bukidnon ordered the Department of Agrarian Reform ("DAR"), Agusan del Sur, to segregate 2,000 square meters from the land of the Spouses Bernabe and Conchita Valdez. The MARO of Bukidnon also awarded the same segregated land to the Spouses Federico and Sarah Atuel and the Spouses George and Eliada Galdiano.

#### The Facts

The present controversy springs from a battle of possession over a portion of a property in Poblacion (formerly Sibagat Nuevo), Sibagat, Agusan del Sur.

Atty. Manuel D. Cab ("Cab") is the registered owner of two parcels of land in Poblacion, Sibagat, Agusan del Sur with an area of 125,804 square meters ("Cab Property"). The Cab Property is covered by OCT No. P-5638 issued pursuant to Free Patent No. 1318. The Cab Property is traversed by the Butuan to Davao Road and adjacent to the municipal building of Sibagat. From the Cab Property, Cab donated the lot occupied by the municipal building.<sup>[5]</sup>

In 1964, Cab appointed Federico Atuel ("Atuel") as administrator of the Cab Property.

Sometime in 1977, Bernabe Valdez ("Valdez") arrived in Sibagat from Baogo Bontoc, Southern Leyte. Valdez is the nephew of Atuel, who recommended to Cab to lease a portion of the Cab Property to Valdez.<sup>[6]</sup> On 9 October 1978, Cab and Valdez entered into a "Lease of Improved Agricultural Land" under which Valdez leased a 1.25-hectare portion of the Cab Property for P300.00 per year for two years.

In 1982, Cab allowed the Spouses Federico and Sarah Atuel ("Spouses Atuel") and

the Spouses George and Eliada Galdiano ("Spouses Galdiano") to occupy a 2,000-square meter portion of the Cab Property. The Spouses Atuel and the Spouses Galdiano constructed their respective houses on this 2,000-square meter lot ("Subject Lot").

On 27 September 1985, the Sangguniang Bayan of Sibagat, Agusan del Sur, approved the town plan of the Municipality of Sibagat which classified the Cab Property as residential, subject to the approval of the Ministry of Human Settlements Regulatory Commission.

On 25 June 1988, Cab informed Valdez that their lease contract had already expired, and demanded that Valdez stop cultivating the 1.25-hectare portion of the Cab Property and vacate the same.

On 2 October 1988, responding to Cab's letter, the MARO of Sibagat, Agusan del Sur informed Cab that Valdez was properly identified as a tenant, and thus deemed to be the owner of the land he cultivated. The MARO added that on 14 September 1988, pursuant to Presidential Decree No. 27, Emancipation Patent No. A-159969 was issued to Valdez for a 2.3231-hectare portion ("PD 27 Land") of the Cab Property. ***The PD 27 Land included the 2,000-square meter Subject Lot occupied by the houses of the Spouses Atuel and the Spouses Galdiano.***

On 11 May 1989, Cab filed with the DAR in Manila a petition for cancellation of Valdez's emancipation patent. Cab claimed that his property is not planted to rice and corn and that Valdez is a civil law lessee, not a tenant.<sup>[7]</sup> Consequently, the DAR ordered the Regional Director of Cagayan de Oro City to conduct an investigation regarding the petition.<sup>[8]</sup>

On 17 September 1989, the Housing and Land Use Regulatory Board ("HLURB") approved the Town Plan and Zoning Ordinance of fifty-eight municipalities, including that of Sibagat. The HLURB classified the Cab Property as 90 percent residential, and the remaining portion as institutional and park or open space.

On 27 September 1991, the Spouses Bernabe and Conchita Valdez ("Spouses Valdez") filed a ***complaint<sup>[9]</sup> for "Recovery of Possession with Damages"*** with the DARAB in Malaybalay, Bukidnon against the Spouses Atuel and the Spouses Galdiano. In their complaint, the Spouses Valdez alleged that the Spouses Atuel and the Spouses Galdiano ***"stealthily and through fraud entered and occupied a portion of the above-described property with an area of 2,000 sq. m. more or less."*** The Spouses Valdez claimed that the Spouses Atuel and the Spouses Galdiano, despite repeated demands, refused "to restore possession of the said portion of land" to the Spouses Valdez. The Spouses Valdez prayed that the Spouses Atuel and the Spouses Galdiano be ordered to vacate and restore to the Spouses Valdez possession of the Subject Lot. The Spouses Valdez also prayed for payment of litigation expenses, as well as unearned income from the Subject Lot and moral damages.

In their answer, the Spouses Atuel and the Spouses Galdiano asserted that the Spouses Valdez had no cause of action against them because Cab is the owner of the Subject Lot while Atuel is the administrator of the Cab Property. The Spouses Atuel and the Spouses Galdiano claimed that upon Cab's instruction and consent,

they had been occupying the Cab Property since 1964, long before the Spouses Valdez leased a portion of the Cab Property in 1978. The Spouses Atuel and the Spouses Galdiano also pointed out that the Spouses Valdez never set foot on the Subject Lot nor cultivated the same, thus, there is no dispossession to speak of.

Moreover, the Spouses Atuel and the Spouses Galdiano alleged that the emancipation patent issued to Valdez is null and void. The Spouses Atuel and the Spouses Galdiano maintained that the entire Cab Property, which is covered by the Free Patent issued to Cab, has already been classified as residential, hence, no longer covered by PD No. 27.<sup>[10]</sup>

On 4 March 1993, the DARAB Provincial Adjudicator, after hearing the case, issued a decision which disposed of as follows:

WHEREFORE, premises above considered, the DAR Agusan del Sur is hereby ordered to segregate the TWO THOUSAND (2,000) SQ. METERS, more or less, from the land of the complainants, Transfer Certificate of Title No. 1261 covered by Emancipation Patent No. A-159969, and award the same to the respondents; and hereby ordered this case dismissed.

SO ORDERED.<sup>[11]</sup>

Dissatisfied with the decision, the Spouses Atuel and the Spouses Galdiano appealed to the DARAB Central Office. The DARAB Central Office reversed the decision of the DARAB Provincial Adjudicator, thus:

WHEREFORE, premises considered, the appealed decision is hereby REVERSED. Judgment is hereby rendered as follows:

- (1) Enjoining the respondents-appellants from committing acts of intrusion and maintain the possessory rights of the complainants over the EP (Emancipation Patent) covered land; and
- (2) Ordering the MARO (Municipal Agrarian Reform Officer) or PARO (Provincial Agrarian Reform Officer) concerned to assist the parties in determining the amount to be reimbursed in favor of the respondents for whatever improvements made on the 2,000 square meter portion to be paid by the complainants.

SO ORDERED.<sup>[12]</sup>

Aggrieved by the decision, the Spouses Atuel and the Spouses Galdiano filed a petition for review<sup>[13]</sup> with the Court of Appeals. On 20 May 1999, the Court of Appeals affirmed the decision of the DARAB Central Office and dismissed the petition for lack of merit. The Spouses Atuel and the Spouses Galdiano filed a Motion for Reconsideration which the Court of Appeals denied. On 14 January 1998, while the case was pending in the Court of Appeals, the Spouses Valdez sold 5,000 square meters out of the PD 27 Land to the Municipality of Sibagat.<sup>[14]</sup>

Hence, the instant petition.

### **The Ruling of the Court of Appeals**

In affirming the decision of the DARAB, the Court of Appeals ruled that the DARAB has primary and exclusive jurisdiction over cases involving the issuance, correction and cancellation of emancipation patents. The Court of Appeals held that the DARAB's decision should be respected because it enjoys the presumption of regularity.

The Court of Appeals also ruled that the DARAB correctly relied on ***Pagtalunan v. Tamayo***<sup>[15]</sup> where this Court held that upon issuance of an emancipation patent, a holder acquires a vested right of absolute ownership in the land.

The Court of Appeals further held that the doctrine laid down in ***Teodoro v. Macaraeg***<sup>[16]</sup> is applicable. In ***Teodoro***, this Court ruled that a landowner has full liberty to enter into a civil lease contract covering his property. However, "once a landowner enters into a contract of lease whereby his land is to be devoted to agricultural production and said landholding is susceptible of personal cultivation by the lessee, solely or with the help of labor coming from his immediate farm household, then such contract is of the very essence of a leasehold agreement." Otherwise, the Court added, "it would be easy to subvert, under the guise of the liberty to contract, the intendment of the law of protecting the underprivileged and ordinarily credulous farmer from the unscrupulous schemes and pernicious practices of the landed gentry."<sup>[17]</sup>

### **The Issue**

After a review of the issues raised,<sup>[18]</sup> the question boils down to whether the Spouses Valdez are entitled to seek redress from the DARAB in recovering possession of the 2,000-square meter Subject Lot from the Spouses Atuel and the Spouses Galdiano.

### **The Court's Ruling**

We grant the petition based not on the arguments of the Spouses Atuel and the Spouses Galdiano but on an entirely different ground. We reverse the decision of the Court of Appeals because of the DARAB's lack of jurisdiction to take cognizance of the present controversy.

The DARAB has no jurisdiction to take cognizance of the Spouses Valdez's ***complaint for recovery of possession*** of the Subject Lot. Though the parties do not challenge the jurisdiction of the DARAB, the Court may *motu proprio* consider the issue of jurisdiction.<sup>[19]</sup> The Court has discretion to determine whether the DARAB validly acquired jurisdiction over the case. ***Jurisdiction over the subject matter is conferred only by law.*** It may not be conferred on the court by consent or waiver of the parties where the court otherwise would have no jurisdiction over the subject matter of the action.<sup>[20]</sup>

In their complaint for recovery of possession, the Spouses Valdez alleged, among others, that they are farmers and beneficiaries of an emancipation patent. The Spouses Valdez also alleged that the Spouses Atuel and the Spouses Galdiano stealthily and fraudulently occupied the 2,000-square meter Subject Lot. The