CEBU CITY

SPECIAL NINETEENTH DIVISION

[CA-G.R. CV NO. 03170, June 30, 2014]

SVJ FARMS INC., PLAINTIFF-APPELLEE, VS. BERLITO PESANTE, JAIME SANTILLAN AND LEONARDO ONATE, SR., DEFENDANTS-APPELLANTS.

D E C I S I O N

LAGURA-YAP, J.:

This appeal under Rule 41 of the 1997 Rules of Civil Procedure, seeks to reverse and set aside the April 3, 2009 Decision[1] of RTC, Branch 50, Bacolod City.

THE ANTECEDENT FACTS

These are the facts of the case as summarized by the trial court:[2]

> In its verified complaint, plaintiff alleges that it is a corporation holding office in Quezon City. The corporation owns parcels of land devoted to sugar cane plantation in Barangay Concepcion, Talisay City known as Hacienda Anita. The whole hacienda is composed of four (4) parcels of land and it has a total area of 170.6493 hectares, more or less. Plaintiff alleges that on November 16, 1992, the Presidential Agrarian Reform Council, through Committee Resolution No. 92-37-01 approved the Stock Distribution Option (SDO) plan of the plaintiff pursuant to Section 31 of RA 6657 or the Comprehensive Agrarian Reform Law of 1988. As a consequence, a Memorandum of Agreement was signed by the plaintiff and the farm workers/beneficiaries. A feature of this Memorandum of Agreement is a provision that allows the farm workers/beneficiaries free use of the land for rice production.
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> Plaintiff alleges that there were 146 beneficiaries under the SDO, including the defendants. A 10-hectare portion of Hda. Anita was allocated for the use of all of them for rice production. Defendants, however, without the consent of the plaintiff took possession of certain areas for their own personal benefit. These areas are:
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> |---|---|
> | Berlito Pesante | 0.134 hectares |
> | Leonardo Onate, Sr. | 0.708 hectares |
> | Jaime Santillan | 0.696 hectares |
>
> For failure of the defendants to vacate or give up possession of the land they were cultivating, inspite repeated demands, the plaintiff instituted

the present case. Plaintiff prays that defendants be ordered to vacate the lots they are occupying and to pay rentals of P153,800.00 or P0.50 for every square meter of the land occupied from the time of the filing of this suit until they actually vacate the land. Plaintiff also alleges that it has no tenancy relationship with the defendants-appellants, whether leasehold tenancy, stewardship that could include the present suit as an agrarian dispute under the provision of Section 3(d) of RA 6657.

Defendant filed an answer with a Motion to Dismiss the plaintiff's complaint. While admitting the existence of the SDO and their being included therein as farmworkers/beneficiaries, and also their possession of the parcel of land, defendants claim that they were given possession of the lots under the program of then Governor of Negros Occidental, Daniel Lacson, to augment their income. Defendants allege that the court has no jurisdiction over the case as under Section 31 of RA 6657 jurisdiction is with Department of Agrarian Reform Adjudicatory Board (DARAB). The defendants also contend that plaintiff has no cause of action as under SDO, defendants are allowed free use of portions of the landholdings.

The Motion to Dismiss raised by the defendants on the ground that the court has no jurisdiction over the case was resolved by the court in the Order it on April 1, 2005. The court ruled that on the basis of the pleadings filed by the parties, there is no tenancy relationship and the present suit being for the recovery of possession of a parcel of land or *accion publiciana*. The regular court has jurisdiction.

On April 3, 2009, the RTC rendered a Decision ordering the defendants to vacate the land. The dispositve portion [3]of the decision, reads:

FOR ALL THE FOREGOING, judgment is rendered as follows:

1. Defendants are ordered to vacate the land that they are presently occupying which is part of Hda. Anita in Concepcion, Talisay City;

2. Defendants are ordered to pay rentals at the rate of P0.50 per square meter of the land that they occupy from the time this suit was filed on October 5, 2004 until the time they vacate the land.

3. Plaintiff is ordered to deliver whatever amount recovered from this suit to the Farmworkers Beneficiaries of SVJ, Farms, Zinc. (sic)

Hence, this appeal by the defendants[4] wherein the following issues are raised:

ISSUES

I

THE HONORABLE REGIONAL TRIAL COURT, BRANCH 50 ERRED IN ASSUMING JURISDICTION OVER THE CASE.

II

THE HONORABLE REGIONAL TRIAL COURT, BRANCH 50 ERRED IN ORDERING THE HEREIN DEFENDANTS TO VACATE THE AREA BEING CULTIVATED BY THEM AND TO PAY RENTALS.

Defendants-Appellants' Arguments.

It is the contention of the defendants-appellants that the Regional Trial Court does not have jurisdiction over the subject matter as the land is covered by R.A. No. 6657. It is the Department of Agrarian Reform Adjudication Board that has the jurisdiction over the case.

Defendants-appellants contend that the 2009 Department of Agrarian Reform Adjudication Board, Section1, Rule 2 of Rules of Procedure, provides:

> Section 1. Primary and Exclusive Original and Appellate Jurisdiction.
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> The board shall have the 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 R.A 6657, as amended by R.A. No. 9700, E.O. Nos. 228, 229 and 129-A, R.A 3844 as amended by R.A. 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:
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> a. The rights and obligations of persons, whether natural or juridical, engaged in the management, cultivation, and use of all agricultural lands covered by R.A. No. 6657, otherwise known as the Comprehensive Agrarian Reform Law (CARL), as amended, and other related agrarian laws;
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> b. xxxxxxxxxxx

From the foregoing enumeration, it can be deduced that it is the Agrarian Reform Adjudication Board which has the jurisdiction over the subject matter.

The defendants-appellants are also of the view that plaintiff-appellee has no cause of action against them. The area they are cultivating is part of the 10-hectare portion, mentioned in the Memorandum of Agreement between SVJ Farms, Inc. and the Farm-Workers Beneficiaries of Hda. Anita. In the Memorandum of Agreement, the plaintiff-appellee has relinquished its right to the possession and cultivation of the portion of the land in favor of the farmworkers/beneficiaries. Thus, plaintiff-appellee has no cause of action against the defendants-appellants.

Plaintiff-Appellee's Arguments

Plaintiff-appellee SVJ Farms, Inc. in its Appellee's Brief argue that the defendants-appellants made a wrong deduction when they claimed that it (plaintiff-appellee) admitted that the land in dispute is covered under Section 31 of R.A. 6657. On the contrary, the disputed land is exempted from distribution under Section 31 of R.A. 6657. The law gives upon corporate landowners the option to divest a portion of their capital stock in favor of its qualified beneficiaries. Pursuant thereto, plaintiff-appellee availed of the Stock Distribution Option which is covered by the Presidential Agrarian Reform.

Subject to the Stock Distribution Option, the defendants-appellants are therefore

farmworkers/beneficiaries in the concept of "shareholders" and at the same time "employees" of the plaintiff-appellee. The records of this case are bereft of any proof that the defendants-appellants are cultivating and occupying the disputed land under any tenurial, leasehold or stewardship agreement with plaintiff-appellee, SVJ Farms, Inc.

Plaintiff-appellee avers that since defendants-appellants are its shareholders and employees, it is safe to conclude that there is no agrarian dispute to speak of. The jurisdiction over the subject matter in this case rests upon the *court a quo* and not in the Department of Agrarian Reform and Adjudication Board (DARAB).

Plaintiff-appellee says that defendants-appellants mistakenly assumed that by virtue of the Memorandum of Agreement, it has relinquished its right to the possession and cultivation of the parcels of land occupied by the defendants-appellants. Under the Memorandum of Agreement it is clear that one of the benefits of the farmworkers/beneficiaries under the Stock Distribution Option is the free use of land area for rice production. It is also clear in the MOA that the parcels of land devoted to the free use of the farmworkers/beneficiaries pertain to the benefit of the latter. The disputed land cannot be for the sole benefit or free use of the defendants-appellants, as this would cause prejudice to almost all of the farmworkers/beneficiaries.

As the owner of the disputed land, plaintiff-appellee has the right of action against the holder or possessor of the the thing in order to recover it. Under the Memorandum of Agreement, plaintiff-appellee as land owner seeks to recover the subject parcels of land from the defendants-appellants. The latter should not be allowed to appropriate and cultivate the land for their own use. The portions of the land they occupy should be recovered to be used and cultivated for the benefit of all farmworkers/beneficiaries.

THE COURT'S RULING

The threshold issues to be resolved are:

1. Whether the Department of Agrarian Reform and Adjudication Board (DARAB)or the court a quo has jurisdiction to decide the case.

2. Who between the plaintiff-appellee and the defendants-appellants have the better right of possession of the disputed land.

The decision of the *court a quo* stands.

We tackle first the issue of jurisdiction.

In the recent case of *Jopson v. Mendez*,[5] the Supreme Court had the occasion to define the jurisdiction of Department of Agrarian Reform and Adjudication Board (DARAB)

> The PARAD and the DARAB have primary and exclusive jurisdiction, both original and appellate, to determine and adjudicate all agrarian disputes involving the implementation of the CARL under R.A. No. 6657. Thus, the jurisdiction of the PARAD and the DARAB is only limited to cases involving