

FOURTH DIVISION

[CA-G.R. SP. No. 123475, November 20, 2014]

**ELMINA C. DAVID-FERNANDEZ, WIVENIA C. DAVID-ESMUNDO,
JUAN PABLO C. DAVID AND SERAFIN C. DAVID, JR.,
PETITIONERS, VS. OMEGA BREEDERS, INC. REPRESENTED BY
BONIFACIO ONG, GREGORIO C. TAÑEDO, JOHN G. MORALES,
FELICISIMO M. MORALES, RODOLFO C. ROCHA, JOSE T. ROCHA,
AMADO C. ROCHA, ROGELIO A. TAÑEDO, CIPRIANO F. CASTILLO,
CELIA VDA. DE FRANCISCO, OSCAR A. TAÑEDO, THE
DEPARTMENT OF AGRARIAN REFORM, THE LAND BANK OF THE
PHILIPPINES AND THE REGISTER OF DEEDS FOR THE PROVINCE
OF TARLAC, RESPONDENTS.**

DECISION

SORONGON, E.D., J.

Before Us is a Petition for Review under Rule 43 of the Revised Rules of Court filed at the instance of Elmina David-Fernandez, Wivenia David-Esmundo, Juan Pablo C. David and Serafin C. David, Jr. (petitioners) seeking to annul and set aside the Decision dated September 19, 2011^[1] and the January 9, 2012 Order^[2] of the Department of Agrarian Reform and Adjudication Board (DARAB) in DARAB Case No. 15744 which dismissed their petition for lack of jurisdiction and denied their Motion for Reconsideration^[3], respectively.

The pertinent factual and procedural antecedents are as follows:

The present controversy involves a parcel of agricultural land identified as Lot 76 of the Victoria Cadastre, situated in Barangay Baculong, Victoria, Tarlac, containing an area of 149,749 square meters. The subject land was originally registered in the name of herein petitioners and covered by Transfer Certificate of Title (TCT) No. 107852.

In the implementation of the Land Reform Program of the government, the subject property was placed within the scope and coverage of Presidential Decree (PD) 27 through Operation Land Transfer (OLT). At the time, the subject land was under the cultivation of Gregorio C. Tañedo, John G. Morales, Felicisimo M. Morales, Rodolfo C. Rocha, Jose T. Rocha, Amado C. Rocha, Rogelio A. Tañedo, Cipriano F. Castillo, Celia vda. de Francisco and Oscar A. Tañedo (collectively referred to as respondents-farmer beneficiaries). On June 14, 1989, the Department of Agrarian Reform (DAR) eventually issued Emancipation Patents (EP) in favor of the said tenants corresponding to their individual tenancy holdings. The EPs were registered with the Registry of Deeds of Tarlac on June 24, 1993. On the basis of such award, TCT No. 107852 was cancelled and the subject property was divided into parcellary lots among the respondents-farmer beneficiaries. Thereafter, their respective TCTs were

issued, as follows:

NAMES	AREA	EP NO.	TCT NO.
Gregorio C. Tañedo	24,092 sq.m.	EP No. A-356889	TCT No. 17278 ^[4]
John G. Morales	13,070 sq.m.	EP No. A-356883	TCT No. 17279 ^[5]
Felicisimo Morales	21,921 sq.m.	EP No. A-356884	TCT No. 17280 ^[6]
Jose T. Rocha	13,761 sq.m.	EP No. A-356886	TCT No. 17282 ^[7]
	4,874 sq.m.	EP No. A-356888	TCT No. 17284 ^[8]
	941 sq.m.	EP No. A-356893	TCT No. 17289 ^[9]
Amado C. Rocha	13,882 sq.m.	EP No. A-356887	TCT No. 17283 ^[10]
Rodolfo C. Rocha	7,696 sq.m.	EP No. A-356885	TCT No. 17281 ^[11]
Rogelio A. Tañedo	20,143 sq.m.	EP No. A-356889	TCT No. 17285 ^[12]
Cipriano F. Castillo	4,140 sq.m.	EP No. A-356890	TCT No. 17286 ^[13]
Celia vda. de Francisco	3,976 sq.m.	EP No. A-356891	TCT No. 17287 ^[14]
Oscar A. Tañedo	20,339 sq.m.	EP No. A-356892	TCT No. 17288 ^[15]

Shortly after the issuance of titles in their favor, respondents Rogelio, Cipriano, Celia and Oscar sold the lands awarded to them to respondent Omega Breeders Incorporated (OBI). Consequently, TCT Nos. 17285, 17286, 17287 and 17288 were cancelled by TCT Nos. 287626^[16], 287627^[17], 287628^[18] and 287629^[19] issued in the name of OBI.

On March 3, 1998, petitioners filed an action for Annulment and Cancellation of Emancipation Patents, Annulment of Deeds of Sale and Mortgage and Damages^[20] against respondents-farmer beneficiaries and OBI before the Office of the Provincial Agrarian Reform Adjudicator (PARAD). Likewise impleaded were the DAR, Land Bank of the Philippines (LBP) and the Register of Deeds of Tarlac as nominal parties. They alleged that prior to its inclusion under PD 27, the subject landholding was mortgaged with the People's Bank and Trust Co., for Forty Five Thousand Pesos (P45,000.00), which mortgage lien was duly annotated as an encumbrance on petitioners' title. However, without their knowledge and before they could receive just compensation for the compulsory acquisition of their property, the aforesaid mortgage loan was paid by OBI through the manipulation, connivance and participation of respondents government agencies. Thereafter, respondents Rogelio, Cipriano, Celia and Oscar were made to execute deeds of sale in favor of OBI which were then used as basis for the issuance of certificates of title in the latter's name. These titles were subsequently used by OBI as collaterals for the loan it secured

with the Metropolitan Bank and Trust Co. in the amount of Eight Million Pesos (P8,000,000.00).

According to petitioners, the distribution of the EPs to respondents-farmer beneficiaries was premature, irregular, anomalous and unprocedural as the same was made in violation of their constitutional right to just compensation. They further claimed that since respondents Rogelio, Cipriano, Celia and Oscar were not yet the legitimate owners of the lands covered by their EPs when they executed the deeds of sale, said deeds as well as the corresponding TCTs issued pursuant thereto were null and void. Petitioners thus prayed for the annulment and cancellation of: (i) EPs granted to respondents-farmer beneficiaries; (ii) deeds of sale in favor of OBI; and (iii) TCTs issued to OBI. They also asked for the reinstatement of their title to the subject land and that they be awarded moral and exemplary damages.

In refutation of the foregoing allegations, the DAR filed its Answer^[21] averring that there was no premature distribution of the land to respondents-farmer beneficiaries as evidenced by the Certification^[22] issued by Mr. Teofilo Q. Inocencio, Provincial Agrarian Reform Officer (PARO) II of Tarlac, to the effect that the registration of the questioned EPs was based on a Certificate of Compensation dated March 17, 1992. The DAR also averred that petitioners were notified of the coverage, thus, it cannot be said that they were deprived of their rights.

For its part, LBP contended that petitioners have no cause of action against it because the former has not entered into any transaction with OBI regarding the subject land, much less participated in any manipulation or connivance with other government agencies for the benefit of said company. LBP further asserted that as far as the subject property is concerned, the bank performed its duty in accordance with the requirements of the law and has duly informed petitioners of the availability of the full compensation for their landholding upon its receipt of the order of payment from DAR. Petitioners' non-receipt of the just compensation was attributable to their own fault as they failed to submit documentary and other administrative requirements necessary for the release of the full amount which has already been earmarked by the bank.

In the meantime, OBI represented by Bonifacio Ong, through counsel, moved to dismiss the petition maintaining that the PARAD has no power to pass judgment on the case as it principally concerns the cancellation of a TCT issued pursuant to RA 496 (otherwise known as The Land Registration Act) and not a Certificate of Land Ownership Award (CLOA) or EP, which jurisdiction, lies with the regular courts.

On November 10, 1999, the PARAD issued an Order^[23] denying the motion to dismiss. It ruled that since the property in question was subjected to PD 27 coverage, any controversy arising from transactions entered into between the original beneficiaries/awardees and third-parties are solely cognizable by DARAB. OBI subsequently filed a motion for reconsideration but it was likewise denied by Order dated February 4, 2002.

Thus, OBI submitted its answer reiterating as defense the PARAD's alleged lack of jurisdiction. In addition, it argued that the petition states no cause of action and is barred by prior judgment. According to OBI, its title over the lands covered by TCT Nos. 287626, 287627, 287628 and 287629 were secured only after the DAR, the

agency having full authority over the generation and awarding of the subject the subject properties covered by PD 27, gave its imprimatur to the final acquisition thereof by the company. To prove its claim, OBI pointed to an earlier decision dated January 15, 1996 in DARAB Case No. 1247-T-96 entitled "*Omega Breeders Incorporated, represented by Bonifacio Ong vs. Rogelio A. Tañedo, et al.*", where the DARAB ordered the cancellation of respondents Rogelio, Cipriano, Celia and Oscar's EPs which led to the issuance of certificates of title in its name. OBI also advanced the view that under RA 496, a title duly registered with the LRA becomes indefeasible one (1) year after its registration and can no longer be the subject of a subsequent litigation. Since the petition was filed only after five (5) years from registration of the properties under OBI's name, petitioners' right to question the validity of the TCTs has therefore already prescribed.

By Decision^[24] promulgated on May 3, 2005, the PARAD nullified the sale between OBI and respondents Rogelio, Cipriano, Celia and Oscar for being violative of agrarian laws which expressly prohibit the transfer of lands acquired under PD 27 to third persons. It further declared said farmer beneficiaries unworthy of the agrarian reform program of the government because they blatantly disregarded the intent and purpose of the law when they sold the lands awarded to them. The PARAD, however, rejected petitioners' assertion that the property be returned to them. It held that since the subject landholding was acquired pursuant to PD 27, the government has the right to reacquire and reallocate the same. Thus, the cancellation and annulment of titles in the name of OBI would only give way to other qualified farmer beneficiaries to avail of the landholding. The *fallo* of the Decision reads:

"WHEREFORE, premises considered, judgment is hereby rendered:

1. Ordering the cancellation of the Emancipation Patent titles awarded to Rogelio Tañedo, Cipriano Castillo, Celia Vda. De Francisco and Oscar A. Tañedo;
2. Ordering the Register of Deeds of Tarlac to cause the cancellation of TCT Nos. 287626, 287627, 287628 and 287629 issued in favor of Omega Breeders Incorporated, which was derived from TCT Nos. 17825 under EP No. 356889 issued in the name of Rogelio A. Tañedo, 17286 under EP No. 356890 issued in the name of Cipriano Castillo, 17287 under EP No. 356891 issued in the name of Celia Vda. De Francisco and 17288 under EP No. 356892 issued in the name of Oscar A. Tañedo;
3. Ordering the Provincial Agrarian Reform Office (PARO) of Tarlac, through its Operations Division to re-allocate the cancelled Emancipation Patent Titles to other qualified farmer-beneficiaries; and
4. Ordering the Municipal Agrarian Reform Office (MARO) of Victoria, Tarlac to submit a list of names of the qualified farmer-beneficiaries to the Operations Division of the PARO of Tarlac for further screening.

No pronouncement as to costs.

SO ORDERED."

Aggrieved, OBI appealed to the DARAB. On September 19, 2011, the DARAB issued the now challenged Decision reversing the above pronouncement of the PARAD. It ruled that petitioners' cause of action has been mooted by the decision in DARAB Case No. 1247-T'96 which ordered the cancellation of the EPs awarded to respondents-farmer beneficiaries in favor of OBI. The DARAB also held that it has no jurisdiction to pass upon the issues raised as the same involve the administrative implementation of agrarian laws which is strictly under the exclusive prerogative of the Secretary of Agrarian Reform pursuant to Section 3, Rule II of the 2003 DARAB Rules of Procedure. It disposed thuswise:

"WHEREFORE, premises considered, the assailed decision is REVERSED and SET ASIDE and a new one is entered DISMISSING the basic petition for lack of jurisdiction.

SO ORDERED."

Therefrom, petitioners sought reconsideration but the DARAB denied it in a Resolution dated January 9, 2012.

Hence, the present recourse alleging that:

I

THE DARAB ERRED IN REVERSING THE DECISION OF THE PROVINCIAL ADJUDICATOR AND DECLARING THAT THE DARAB HAS NO JURISDICTION OVER THE CASE.

II

THE DARAB ERRED IN NOT TAKING INTO CONSIDERATION THE FOLLOWING ISSUES:

i. WHETHER OR NOT HEREIN PETITIONERS-APPELLEES WERE DEPRIVED OF THEIR PROPERTY WITHOUT DUE PROCESS OF LAW, THUS RENDERING THE COVERAGE AS NULL AND VOID;

ii. WHETHER OR NOT THE PURPORTED FARMER-BENEFICIARIES HAD VIOLATED THE PRESIDENTIAL DECREE NO. 27; AND

iii. WHETHER OR NOT THE TITLE OF RESPONDENT-APPELLANT OMEGA BREEDERS, INC. SHOULD BE CANCELLED AS IT WAS A FRUIT OF AN ILLEGAL TRANSFER PROSCRIBED UNDER PRESIDENTIAL DECREE NO. 27 AND WHICH DEEDS OF SALE ARE ILLEGAL.

To put things in their proper perspective, we shall discuss the issues in the manner they are presented.

In their first assigned error, petitioners dispute the dismissal of their petition on the ground of lack of jurisdiction. Contrary to the DARAB's ruling, the matters in issue here do not involve the administrative implementation of the land reform program of