REPUBLIC OF THE PHILIPPINES
SUPREME COURT
Manila

SECOND DIVISION

NOTICE

Sirs/Mesdames:

Please take notice that the Court, Second Division, issued a Resolution dated **16 November 2020** *which reads as follows*:

"G.R. No. 220342 (*Lucila Lorenzo-Sy, for Herself, and in behalf of Adoracion Lorenzo-Collier vs. Rolando Lorenzo, Sheryl Lou F. Kollet, Paul B. Rosales and all other persons presently possessing or occupying the land covered by Transfer Certificates of Title Nos. 040-2012000164 and 040-2012000161*). — Petitioner Lucila Lorenzo-Sy (petitioner), for herself and on behalf of Adoracion Lorenzo-Collier (Adoracion), filed a complaint for *accion publiciana* against respondents Rolando Lorenzo (Rolando), Sheryl Lou Kollet (Sheryl), Paul Rosales (Paul), and all other persons presently possessing or occupying a parcel of land covered by TCT Nos. 040-2012000164 and 040-2012000161.

In her Plenary Action to Recover the Right of Possession[1] dated September 3, 2014, petitioner alleged: She sought to recover possession of two (2) parcels of land, including improvements, in the Municipality of Sta. Maria, Bulacan with a combined assessed value of ₱717,080.00. These two (2) lots used to be part of a 3.5-hectare property registered in the name of Esperanza Bartolome-Lorenzo, her grandmother. During her grandmother's lifetime, her father, Segundo Lorenzo (Segundo), borrowed the title of the 3.5-hectare property and mortgaged it from 1960 to 1970.[2]

Sometime in the 1980s, she gave her father money to redeem the mortgaged property. After redemption, TCT No. T-153891 was issued in her father's name. Segundo and his wife Carmen had eight (8) children, namely:

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[1] *Rollo*, pp. 55-70.
[2] *Id.* at 56-57.

Felipe Lorenzo, Julia Lorenzo-San Felipe, respondent Rolando, petitioner, Adoracion, Reynaldo Lorenzo, Potenciana Lorenzo, and Guillermo Lorenzo. Sometime in 1993, Segundo allowed respondent Rolando Lorenzo to mortgage the property with the Rural Bank of Sta. Maria. After several years, Rolando failed to pay his loan and the property was foreclosed.[3]

At the foreclosure sale, the bank was the highest bidder but did not consolidate its title over the property. Segundo, through Rolando, signed the Deed of Partial Redemption dated December 9, 2005.[4]

Sometime in 2007, Segundo approached his children, including petitioner, to help pay Rolando's loan and redeem the land. At that time, Adoracion was visiting the Philippines and she was asked by Segundo to pay Rolando's debt and redeem the property. Adoracion obliged. They were told that although the property was already foreclosed, they could have it back for ₱6,550,607.85. Adoracion paid the whole amount and the property was returned to Segundo. Segundo, in turn, sold the property to petitioner and Adoracion. Thereafter, Segundo, petitioner, and Adoracion decided to subdivide the property among the siblings and the document *Paglipat ng Isang Lagay ng Lupa* was executed.[5]

After the subdivision of the 3.5-hectare property, petitioner and Adoracion became joint owners of the subject two (2) parcels of land: 1) Lot 2933-S (611 sq. m.) covered by TCT No. 040-2012000161; and 2) Lot 2933-E (3,296 sq. m.) covered by TCT No. 040-2012000164.[6]

Then the Renzo Stadium Cockpit Arena, co-owned by Adoracion and Rolando, was erected on the two subject lots. Sometime in 2007, Rolando executed a *Sinumpaang Salaysay* ceding all his rights over the cockpit to Adoracion in consideration for the latter's payment of the former's bank loan. Rolando also recognized Adoracion's ownership of subject lots. In 2010, petitioner leased the subject lots, including the cockpit, to respondent Sheryl from September 1, 2010 to September 1, 2013. But after the lease expired, petitioner learned that Rolando had stationed security guards around the subject lots a month before the lease contract expired.[7]

It appeared that Sheryl had allowed Rolando to take possession of the subject lots while the lease was in effect and even thereafter. Rolando subsequently refused to vacate the land despite repeated demands from petitioner. The last written demand was sent to and received by Rolando on May 12, 2014. Meanwhile, petitioner was apprised that other occupants were coming into the subject lots, including respondent Paul. Attempts were made

[3] *Id.* at 57.
[4] *Id.*
[5] *Id.* at 58.
[6] *Id.* at 59.
[7] *Id.* at 60.

to settle the dispute, including mediation before the *Lupon of Barangay* San Vicente, but to no avail.[8]

In his Answer[9] dated October 7, 2014, respondent Rolando countered: The trial court has no jurisdiction over the complaint for the case which is exclusively cognizable by the Department of Agrarian Reform Adjudication Board (DARAB) being an agrarian dispute. The original 3.5-hectare land is primarily agricultural, devoted to rice production. He is a tenant-lessee of the entire 3.5-hectare lot, including the subject portions in dispute. He and Segundo previously executed a leasehold contract in 2006. The Legal Division of the Department of Agrarian Reform (DAR) Provincial Office at Baliuag, Bulacan even issued a Report and Recommendation dated December 16, 2013 that opposition involving his possession of the 3.5-hectare land involves tenancy. Further, the complaint is barred by *litis pendentia*, because on July 25, 2014, he filed a complaint for maintenance of possession against several persons, including petitioner, before the Office of the Agrarian Reform Provincial Adjudicator Branch II, Malolos City, Bulacan. Petitioner's complaint is an attempt to file a countersuit against him despite the issue being submitted for resolution before the DARAB Adjudicator.

In her Reply[10] dated November 4, 2014, petitioner averred: The DARAB has no jurisdiction over residential lots. Further, the existence of the cockpit negates Rolando's claim that the subject lots were purely devoted to rice production. Besides, Rolando could not have been a tenant of the subject lots since 2006 because the 3.5-hectare lot had already been foreclosed by the bank. In fact, Rolando even executed a Deed of Partial Redemption dated December 9, 2005. The recommendation and report issued by the DAR Legal Division is of no moment because petitioner is not a tenant since the leasehold contract is invalid.

Further, there can be no *litis pendentia* in this case and the DARAB case because there is no identity of parties – the present complaint involves only petitioner and Adoracion while the DARAB case involves not only petitioner and Adoracion but also sixteen[11] (16) other people. There is no identity of causes of action: in the present case, what is being asserted is petitioner's better right of possession, while in the DARAB case, Ronaldo was asserting his tenancy rights. Lastly, a judgment in this case will not constitute *res judicata* on the DARAB case because the judgment will only be applicable to a portion of the original 3.5-hectare lot, not the whole.[12]

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[8] *Id.* at 60-61.
[9] *Id.* at 109-115.
[10] *Id.* at 133-151.
[11] Namely: Mariquita L. Raymundo, Luciano Raymundo, Juanito Raymundo, Severina Raymundo, Valentin Raymundo, Apolonia Policarpio, Bernabe Policarpio, Corazon Policarpio, Danilo Policarpio, Emilinda Policarpio, Felicisima Policarpio, Julia San Felipe, Felipe Lorenzo, Reynaldo Lorenzo, Potenciano Lorenzo and Guillermo Lorenzo.
[12] *Rollo*, pp. 145-146.

Ruling of the Trial Court

By its first assailed Order[13] dated June 11, 2015, the trial court dismissed the complaint for being agrarian in nature, thus:

> In today's hearing on the Department of Agrarian Reform (DAR) Certification, stating that this case is agrarian in nature, the parties and their respective lawyers appeared.
>
> Acting thereon and pursuant to OCA Circular no. 62-2010 dated April 28, 2010 in relation to DAR Administrative Order No. 4, series of 2009, this court has no other alternative but to dismiss this case, as it is now ordering the DISMISSAL of this case.[14]

Petitioner sought a reconsideration,[15] which the trial court denied through its second assailed Order dated September 7, 2015, thus:

> Acting thereon, this court observes that the one who issued the Certification in this case is the Provincial Agrarian Reform Officer (PARO) of Bulacan and he clearly states that this case involves an agrarian dispute and within the primary and executive jurisdiction of the Department of Agrarian Reform (DAR).
>
> At this point, this court wants to emphasize that there is this OCA Circular No. 62-2010 dated April 28, 2010 which mandates the referral of this case to the DAR for the determination of tenancy issue or whether this case involves an agrarian dispute and if such determination is in the affirmative, this court has no other choice but to dismiss this case pursuant to DAR Administrative Order No. 4, Series of 2009.
>
> In view thereof, this court has no other alternative but to deny, as it hereby **DENIES** the instant Motion for Reconsideration.
>
> SO ORDERED.[16]

The Present Petition

Petitioner now directly seeks affirmative relief from this Court *via* Rule 45. She essentially argues: the Certification issued by the PARO that a case is agrarian in nature or involves tenancy relationship, is merely provisional or preliminary. The court's exercise of jurisdiction should be based on the allegations of the complaint. Since the complaint is for *accion publiciana*, jurisdiction is vested with the trial court.[17]

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[13] *Id.* at 51-52.
[14] *Id.* at 51.
[15] *Id.* at 158-174.
[16] *Id.* at 53-54.
[17] *Id.* at 15-43.

In his Comment[18] dated April 8, 2016, respondent Rolando averred: The trial court's assailed orders were in compliance with OCA Circular No. 62-2010 dated April 28, 2010. Besides, in his answer, he raised the defense that he was contractually designated as tenant over the 3.5-hectare lot, which encompasses the two (2) subject lots. DAR also made an independent assessment of the facts of the case and concluded that the case was agrarian in nature. By Resolution[19] dated February 2, 2016 in DARAB Case No. R-03-02-1082'14, DARAB acknowledged it had jurisdiction over the case since all the elements of tenancy were present.

In his Comment[20] dated May 18, 2017, respondent Paul manifested that he had no knowledge about this case nor he entered in any transactions involving the subject properties. He is neither in possession nor control of the subject properties.

Due to her failure to timely file her comment, respondent Sheryl's comment was dispensed with.[21]

Ruling

The petition fails to show that the trial court committed reversible error in issuing its assailed dispositions to warrant the Court's exercise of its discretionary appellate jurisdiction in the case.

Velasquez v. Cruz[22] lays down the test in determining which between DARAB or the regular courts has jurisdiction over a dispute, thus:

> The core of this dispute is the question of whom between the DARAB and the RTC, has jurisdiction over the case.
>
> Section 50 of R.A. No. 6657 provides:
>
> > Section 50. Quasi-Judicial Powers of the DAR. - The DAR is hereby vested with primary jurisdiction to determine and adjudicate agrarian reform matters and shall have exclusive original jurisdiction over all matters involving the implementation of agrarian reform, except those falling under the exclusive jurisdiction of the Department of Agriculture (DA) and the Department of Environment and Natural Resources (DENR).
> >
> > x x x x
>
> Rule II, Section 1(1.1) of the DARAB 2003 Rules of Procedure:
> RULE II
>
> Jurisdiction of the Board and its Adjudicators

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[18] *Id.* at 308-312.
[19] *Id.* at 318-321.
[20] *Id.* at 371-372.
[21] *Id.* at 393.
[22] 770 Phil. 15, 21-23 (2015).

> SECTION 1. Primary and Exclusive Original Jurisdiction. — The Adjudicator shall have primary and exclusive original jurisdiction to determine and adjudicate the following cases:
>
> 1.1 The rights and obligations of persons, whether natural or juridical, engaged in the management, cultivation, and use of all agricultural lands covered by Republic Act (RA) No. 6657, otherwise known as the Comprehensive Agrarian Reform Law (CARL), and other related agrarian laws;

Based on the above-cited rules, only DARAB can adjudicate an agrarian dispute.

> Section 3(d) of R.A. No. 6657 defines an agrarian dispute in this wise:
>
> x x x x
>
> (d) Agrarian dispute refers to any controversy relating to tenurial arrangements, whether leasehold, tenancy, stewardship or otherwise, over lands devoted to agriculture, including disputes concerning farmworkers' associations or representation of persons in negotiating, fixing, maintaining, changing or seeking to arrange terms or conditions of such tenurial arrangements.

It includes any controversy relating to compensation of lands acquired under R.A. 6657 and other terms and conditions of transfer of ownership from landowners to farmworkers, tenants and other agrarian reform beneficiaries, whether the disputants stand in the proximate relation of farm operator and beneficiary, landowner and tenant, or lessor and lessee.

For DARAB to have jurisdiction over the case, there must be tenancy relationship between the parties.

Tenancy relationship is a juridical tie which arises between a landowner and a tenant once they agree, expressly or impliedly, to undertake jointly the cultivation of a land belonging to the landowner, as a result of which relationship the tenant acquires the right to continue working on and cultivating the land. The existence of a tenancy relationship cannot be presumed and allegations that one is a tenant do not automatically give rise to security of tenure.

In order for a tenancy agreement to arise, it is essential to establish all its indispensable elements, viz.: (1) the parties are the landowner and the tenant or agricultural lessee; (2) the subject matter of the relationship is an agricultural land; (3) there is consent between the parties to the relationship; (4) the purpose of the relationship is to bring about agricultural production; (5) there is personal cultivation on the part of the tenant or agricultural lessee; and (6) the harvest is shared between the landowner and the tenant or agricultural lessee. All these requisites are necessary to create a tenancy relationship, and the absence of one or more requisites will not make the alleged tenant a de facto tenant. (Emphasis supplied)

Here, although petitioner sufficiently alleged in her complaint a case for *accion publiciana*, the Court cannot turn a blind eye to respondent Rolando's affirmative defense of tenancy, supported by a *Kasunduan Buwisan sa Sakahan* dated December 20, 2006.

Additionally, DARAB, in its Resolution dated February 2, 2016 in DARAB Case No. R-03-02-1082'14 categorically found that all elements of a tenancy relationship existed in this case, thus:

> As to the first issue, after a careful re-evaluation of the records, this Office finds that the DARAB has jurisdiction over the agricultural area/portion over the subject land.
>
> The assailed Decision was based on the finding that the *Kasunduan Buwisan sa Sakahan* was executed by the plaintiff and Segundo B. Lorenzo on 20 December 2006, however, the subject land was foreclosed by the Sta. Maria Rural Bank on 23 December 2005, based on Entry No. 650099 at the dorsal portion of TCT No. T-153891 (M). After a second look of the title, however, the date of the foreclosure was not 23 December 2005, rather it is 23 December 2003. And the subject land was redeemed through a Deed of Redemption dated 09 December 2005, in favor of Segundo Lorenzo. This fact was even admitted by the defendants in their Entry of Appearance and Motion to Dismiss with *Ex Abundante Ad Cautelam* Verified Answer. Therefore, when the *Kasunduan Buwisan sa Sakahan* was executed on 20 December 2006, the owner of the property is indeed not Rural Bank of Sta. Maria but Segundo Lorenzo.
>
> Anent the finding that the subject land is being utilized as cockpit arena and not agricultural in use. After the ocular inspection, this Office found that indeed only a portion of the subject land was used as cockpit arena and the same is no longer in operation. It was found further during the ocular inspection that indeed a portion of the subject land is already being used for residential purposes while a portion of the same is being used as agricultural planted with rice, corn, papaya, and sporadically planted with other fruit bearing trees.
>
> As to the issue on the element of sharing of harvest, the same touches on the lack of cause of action of the plaintiff which is a matter of defense that could best threshed out in the further proceedings.
>
> In view of the above-findings, the Office finds that it has jurisdiction over the agricultural area/portion of the subject land.[23]

So must it be.

WHEREFORE, the Petition is **DISMISSED**. The Orders dated June 11, 2015 and September 7, 2015 of the Regional Trial Court, Branch 7, Malolos City are hereby **AFFIRMED**.

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[23] *Rollo*, pp. 319-320.

SO ORDERED. (Rosario, J., designated additional member per Special Order No. 2797 dated November 5, 2020)"

By authority of the Court:

TERESITA AQUINO TUAZON
Division Clerk of Court
08 JAN 2021

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HON. PRESIDING JUDGE (reg)
Regional Trial Court, Branch 7
Malolos City
(CV 528-M-2014)

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