

DEVELOPMENT BANK OF THE PHILIPPINES, PETITIONER, VS. HON. MARIANO FORMOSO, JUDGE OF THE COURT OF AGRARIAN RELATIONS, BR. II, GUIMBA, NUEVA ECIJA, ROSAURO GALUEGA, DOMINGO CORTEZ...

G.R. No. L-30417. December 14, 1978

Ponente: SANTOS, J.

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SANTOS, J.:

Petition for certiorari with prayer for issuance of a Writ of Preliminary Injunction filed April 19, 1969 by Augusto D. Alvarado, Manager, Development Bank of the Philippines, Cabanatuan Branch, and the Provincial Sheriff, Nueva Ecija, to restrain respondent judge of the Court of Agrarian Relations from continuing with the trial of CAR Case No. 2830 Nueva Ecija '68 and to review and set aside his orders of November 18, 1968, February 13 and March 17, 1969, and to dismiss the petition in said case on the ground that respondent judge acted without jurisdiction and/or with grave abuse of discretion in issuing said orders.[1]

On April 23, 1969, this Court required - (1) respondents to answer within 10 days from receipt thereof and (2) the petitioners to amend their petition within the same period to substitute in their stead the Development Bank of the Philippines as petitioners in the case at bar.[2] In compliance with said resolution, petitioners filed their amended petition on May 6, 1969 substituting in their stead Development Bank of the Philippines as petitioner.[3] On May 26, 1969, respondent judge filed his answer to the petition while private respondents filed their answer to the amended petition on August 5, 1969 after which the case was set for hearing on January 14, 1970.[4] At the scheduled hearing, this Court promulgated a resolution - (1) admitting the petitioner's memorandum, which it filed earlier, and (2) granting private respondents 15 days from receipt of petitioner's memorandum within which to file their reply memorandum, as well as respondent Judge's motion for 15 days within which to file his reply memorandum.[5] The private respondents filed their memorandum on January 17, 1970 and upon the filing of respondent judge's reply memorandum on January 28, 1970 the case was deemed submitted for decision.[6]

The factual and procedural antecedents of this petition are as follows. On April 6, 1955, the spouses Saturnino David and Josefa Reyes, obtained from the Rehabilitation Finance Corporation (RFC), Cabanatuan City Branch, now the Development Bank of the Philippines (DBP), a loan of P45,000.00. The same was secured by a first mortgage of a parcel of land, known as Hacienda Parson, situated in Sitio Parson, Bo. San Juan, Licab, Nueva Ecija, with an area of 1,303,088 square meters, and covered by TCT No. 16247 issued by the Register of Deeds of Nueva Ecija in the name of the said spouses.[7]

For failure of the spouses Saturnino David and Josefa Reyes to pay the amortizations on the loan, the Manager of the Development Bank of the Philippines, Cabanatuan City Branch, requested the Provincial Sheriff of Nueva Ecija, to foreclose the mortgage extrajudicially under the provisions of Act 3135, as amended.[8]

Accordingly, the Provincial Sheriff of Nueva Ecija, after complying with the requirement set forth in Act 3135, scheduled the sale at public auction of the land subject of the mortgage on November 19, 1968, at 10:00 o'clock in

the morning, in front of the City Hall Building at Palayan City.[9]

One day before the scheduled sale, or on November 18, 1968, Rosauro Galuega, Domingo Cortez, Bonifacio Ramos, Benigno Casapao and Hermogenes Ventura filed with the Court of Agrarian Relations, Branch II, Guimba, Nueva Ecija, presided over by Judge Mariano Formoso, a petition for prohibition with preliminary injunction,[10] docketed therein as CAR Case No. 2830. They alleged that they are agricultural lessees of the land subject of the auction sale, and, as such, they have the preferential right to buy the land under Section 11 of the Agricultural Land Reform Act, and that unless the Development Bank of the Philippines and the Provincial Sheriff of Nueva Ecija are restrained from proceeding with the auction sale, their right to pre-empt the land will be rendered nugatory.

Acting upon the petition, Judge Mariano Formoso, issued on the same date, November 18, 1968, an order[11] restraining the Manager of the Development Bank of the Philippines, Cabanatuan City Branch and the Provincial Sheriff of Nueva Ecija from proceeding with the sale at public auction on November 18, 1968, and directed them to answer the petition within fifteen (15) days from receipt thereof.

Instead of answering the petition, the Manager of the Development Bank of the Philippines, Cabanatuan City Branch, filed on November 25, 1968, a motion to dismiss and to set aside the restraining order[12] on the grounds that the Court of Agrarian Relations had no jurisdiction over the subject matter, and that the petition states no cause of action against him.

On February 13, 1969, Judge Mariano Formoso issued an order[13] denying the said motion. The Manager of the Development Bank of the Philippines, Cabanatuan City Branch, moved to reconsider;[14] however, the same was denied by Judge Mariano Formoso in his order[15] dated March 17, 1969.

Hence, the Manager of the Development Bank of the Philippines, Cabanatuan City Branch and the Provincial Sheriff of Nueva Ecija, interposed the present petition, to annul and set aside the orders of Judge Mariano Formoso dated November 18, 1968, February 13, and March 17, 1969, claiming that said orders were issued without jurisdiction and/or with grave abuse of discretion, and that there is no appeal, or any plain, speedy and adequate remedy in the ordinary course of law except thru the present petition.

The principal issue to be resolved in the present petition is whether or not the respondent judge can restrain and prohibit the extrajudicial foreclosure sale of the tenanted landholding mortgaged to petitioner. Petitioner relies mainly upon lack of jurisdiction arguing that since it is not a landowner and therefore there is no tenure relation between it and the petitioner in CAR Case No. 2830, Nueva Ecija '68, respondent judge of the CAR — a court of special, limited jurisdiction under the provisions of RA 1267 and 3844[16] — should have dismissed the petition. Respondents — public and private — in turn maintain that a landholder-tenant relationship exists between the parties in virtue of the power of attorney inserted in the Contract of Mortgage which constituted respondent below now petitioner as attorney-in-fact of the owners-mortgagors to sell the landholding in case of judicial or extrajudicial foreclosure of the mortgage. Respondents further contend that the CAR has jurisdiction over the case as it involves a violation of Chapter I[17] and II[18] of the Agricultural Land Reform Code.

The actuations of respondent Judge are bereft of support from the then extant and pertinent legislation, i.e., the Act creating the Courts of Agrarian Relations, RA 1267, as amended by RA 1409 and the Agricultural Land Reform Code of 1962, RA 3844. For under Section 154(1) of the Agricultural Land Reform Code[19] the CAR, a court of special, limited jurisdiction organized under RA 1267[20] had original and exclusive jurisdiction only over "all cases or actions involving matters, controversies, disputes, or money claims arising from agrarian relations." There was, admittedly, no such relationship existing between petitioner, DBP, and private respondents, the tenants of the landholding. And, the power of attorney inserted in the Contract of Mortgage merely authorizes

the petitioner DBP in the case of extrajudicial foreclosure of the mortgage to sell the landholding and to apply the proceeds thereof to the loan of owners/mortgagors, but did not automatically make it the owner of said landholding, which owners/mortgagors may still redeem within the year from date of the extra-judicial sale.[21]

However, since the filing of this petition in April 1969, important, relevant decrees and developments in the Agricultural Reform Program of the government have, in the meantime, intervened and taken place. Thus, on October 21, 1972, the President issued Presidential Decree No. 27 "Decreeing the Emancipation of Tenants from the Bondage of the Soil, Transferring to Them Ownership of the Land they Till, and Providing the Instrument and Mechanism Therefor." Since then the Department, now Ministry, of Agrarian Reform had set into motion the machinery for a nationwide land-to-the-tiller program to implement the decree. Recently, Presidential Decree No. 946, "Reorganizing the Courts of Agrarian Relations, Streamlining their Procedures, and For other Purposes" was issued and became effective on June 17, 1976. The former decree with its implementing program of action was designed to effect — and has in fact for over five years effected — the change/conversion of the tenure status of tenant-tillers to that of ownership of the land they cultivate under the Land Transfer Program. The latter decree, which expanded and enlarged the jurisdiction of the CARs prospectively to include "(C)ases involving the sale, alienation, mortgage foreclosure, pre-emption and redemption of tenanted agricultural lands"[22] in turn, invested respondent Court of Agrarian Relations from its approval on June 17, 1976, with jurisdiction over cases of this nature, that is, mortgage foreclosure.[23] The additional jurisdiction in cases involving foreclosure of mortgage of tenanted lands, *inter alia*, was precisely added to the original, limited competence of the CAR ". . . in order to protect the security of tenure and such other rights of tenants-farmers that may be involved." [24]

In view of the foregoing major developments — affecting (1) the tenure status of the private respondents on the tenanted holding subject of the extra-judicial foreclosure and (2) the jurisdiction of respondent CAR — it would be in the interest of the expeditious resolution of this case — which has been pending since 1969 — (1) to SET ASIDE, as prayed for, the orders of respondent Judge — the same having been issued in 1969 when respondent CAR was still without jurisdiction and PD 946 in turn having failed to provide for its retroactive application; and (2) to return this case to the Court of origin — doing away with the technicalities of procedure — since the CAR is now expressly invested with jurisdiction under PD 946, in cases of this nature, for further proceedings, so that the tenure and other rights of the respondent tenants, including that under PD 27, and the interest of the petitioner DBP, may be promptly determined and adjudicated.

WHEREFORE, the orders of respondent Judge are hereby SET ASIDE for lack of jurisdiction. This case is RETURNED to respondent Court of Agrarian Relations for further proceedings and with the end in view of protecting the tenure and other rights of private respondents under applicable agrarian reform measures. No costs.

Fernando, (Chairman), Barredo, Antonio, Aquino, and Concepcion, Jr., JJ., concur.

[1] Rollo, p. 5.

[2] *Id.*, p. 26.

[3] *Id.*, pp. 30-35.

[4] *Id.*, pp. 38-42 and pp. 58-63, respectively.

[5] *Id.*, p. 97.

[6] *Id.*, pp. 79-109 & 111-123, respectively.

[7] *Pet.*, par. 3, Rollo, p. 2.

[8] Id., par. 4, Rollo, p. 2.

[9] Rollo, pp. 2, 77-78, 98-99.

[10] Id., Annex "A", p. 7.

[11] Id., Annex "B", p. 12.

[12] Id., Annex "C", p. 14.

[13] Id., Annex "D", p. 19.

[14] Id., Annex "E", p. 21.

[15] Id., Annex "F", p. 25.

[16] Sec. 7, RA 1267; Sec. 154, pars. (1) and (2), RA 3844.

[17] Agricultural Leasehold System.

[18] Bill of Rights for Agricultural Labor.

[19] Jurisdiction of the Court.

[20] Republic Act No. 1267 "An Act Creating the Court of Agrarian Relations, Prescribing its Jurisdiction and Establishing its Rules of Procedures" June 14, 1955 (A amended by RA 1409).

[21] Sec. 6, Act No. 3135, as amended.

[22] Sec. 12(1), PD 946.

[23] Sec. 27. Id. This decree shall take effect immediately. Approved, June 17, 1976.

[24] See Comments, Handbook on PD 946, Sec. 12(1), Preface by Chief Justice Fred Ruiz Castro, pp. 68-69, June 25, 1977 ed.

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