

**LAURA SARNE, LORENZO JAUGAN, LOWENA ABANG-JAUGAN,
PEDRO JAUGAN, AND JENELYN SUSTIN-JAUGAN, PETITIONERS, VS.
HON. VIVIAN O. MAQUILING, AS PROVINCIAL ADJUDICATOR OF THE
DAR ADJUDI...**

G.R. No. 138839. May 09, 2002

Ponente: PUNO, J.

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PUNO, J.:

This is an appeal from the Resolution[1] of the Court of Appeals dated November 26, 1998, in CA-G.R. SP No. 48838 denying the petition for certiorari filed by herein petitioners.

On February 17, 1998, private respondents filed a complaint[2] for redemption and damages against petitioners before the Department of Agrarian Reform Adjudication Board (DARAB), Office of the Provincial Adjudicator, Dumaguete City, docketed as DARAB Case No. VII-54-NO-98. In their complaint, they alleged that as tenants of the subject parcel of land, they have the right of preemption and redemption pursuant to Sections 11 and 12 of R.A. No. 3844 otherwise known as the Code of Agrarian Reform, viz.:

"2. During his lifetime, Jose Rafal together with his wife Romana Rafal, herein complainant, were tenants of a portion (1/3 of a hectare more or less) of a parcel of land located at Lutoban, Zamboanguita, Negros Oriental, identified as Lot No. 104-A of the Zamboanguita Cadastre, being a portion of Lot No. 104 and covered by Original Certificate of Title No. FV-22917, owned by respondent Laura Sarne;

3. Prior to January 29, 1997, respondent Laura Sarne mortgaged the same tenanted portion aforesaid to its (sic) tenants Jose Rafal and Romana Rafal for the amount of EIGHT THOUSAND PESOS (P8,000.00). x x x

4. On January 29, 1997, Laura Sarne offered to sell, and in fact sold, the area tenanted by Jose Rafal and Romana Rafal to complainant Romana Rafal for the total amount of P68,000.00. The parties agreed that the payment for the area sold shall be by installment: P34,000.00 shall be paid on January 29, 1997; and the remaining balance of P34,000.00 shall be paid on March 20, 1997, at which time the Final Deed of Sale shall be executed. x x x

5. When complainant Romana Rafal was about to tender the balance of the purchase price, respondent Laura Sarne declined to accept the same, and said she still has to consult her children;

6. To complainants' surprise and wonder, they came to know thereafter, that respondent Laura Sarne is no longer interested to accept the balance as she has already sold the entire lot (including complainants' cultivation) to the respondents herein;

7. Under the law, there was already consummated a contract of sale between complainants and respondent Laura Sarne;

8. Complainants' retained attorney sent a letter to Laura Sarne dated April 16, 1997, demanding the latter to accept the balance of the purchase price. However, no response came from the end of Laura Sarne. x x x

x x x x x

10. For having agreed to sell and in fact sold the aforesaid area cultivated and for having likewise accepted the half price of the consideration thereof, there already existed a valid and consummated contract of sale between the parties;

11. On April 11, 1997, respondent Laura Sarne and the respondent Juagans entered into a contract of sale involving, inter alia, the tenanted area aforesaid, in complete contravention of the contract of sale previously entered into by and between herein complainants and respondent Laura Sarne. x x x x x

12. As tenants, complainants have the right of preemption and the right of redemption over the subject tenanted lot in accordance with Sections 11 and 12 of the Code of Agrarian Reform (R.A. No. 3844, as amended). And should redemption be the feasible remedy, redemption price should be the reasonable and just price that the Honorable Board fixes;

13. In as much as complainants have already tendered half of the purchase price, redemption should only consist on the balance due the respondent Laura Sarne; x x x x x

P R A Y E R

WHEREFORE, the Honorable Board is most respectfully prayed that after due notice and hearing judgment shall issue in complainants' favor:

- Ordering the redemption by complainants of the subject lot at a price originally agreed upon by the complainants and respondent Laura Sarne;
- Canceling the Deed of Sale in so far as it involves and relates to the subject tenanted lot;
- Ordering the respondents to execute the proper deed of conveyance in favor of the complainants; x x x x x"

On March 5, 1998, petitioners Jaugans filed their "Arguments to Support Special Defense of Lack of Jurisdiction"[3] alleging that another case involving the same nature and subject of the action, i.e., DARAB Case No. VII-115-NO-97, was previously dismissed for lack of jurisdiction after the Provincial Adjudicator found that the land in question was not under the administration and disposition of the Department of Agrarian Reform and the Land Bank of the Philippines; that said order has become final for failure of private respondents to appeal therefrom; that the first and second cases involve the same cause of action; that the change in the title of the action for "Redemption and Damages" and the addition of new defendants in the second case will not change the nature of the action; that the second case was denominated as one for "redemption" in order to make it appear as an agrarian case; and that the tenancy relationship was terminated when the subject lot was mortgaged to private respondent Romana Rafal as creditor.

The same defense was raised in the Answer[4] filed by petitioners Jaugans wherein it was additionally alleged that as a mortgagee of the land, private respondent Romana Rafal ceased to be a tenant and became a creditor who enjoyed the produce of the land without sharing with the landowner; and that there is non-joinder of a real party-in-interest because a portion of the land has been donated to the Municipality of Zamboanguita, Negros Oriental.

In her Answer[5], petitioner Sarne alleged that while private respondent Romana Rafal and her husband Jose Rafal were tenants of the subject lot, they ceased to be tenants and became creditors when the subject lot was mortgaged to them. It was further alleged that the purported sale was only partially consummated because private respondent Romana Rafal failed to pay the balance of P34,000.00 when it fell due in March, 1997 and continuously failed to pay until April 10, 1997; and that private respondent Romana Rafal told petitioner Sarne to look for another buyer and requested for reimbursement of what she has paid in advance. By way of special and

affirmative defenses, petitioner Sarne likewise raised the defenses of the Jaugans, i.e., lack of jurisdiction, that private respondent Romana Rafal as creditor-mortgagee of the land in question can no longer be considered a tenant, and non-joinder of a real party-in-interest.

On May 27, 1998, public respondent Provincial Adjudicator Vivian O. Maquiling issued an Order declaring that it has jurisdiction over the complaint for redemption and damages, to wit:

"The present action filed by complainants is anchored on a right of preemption and/or redemption as alleged tenants of the subject lot pursuant to Sections 11 and 12 of Republic Act 3844 as amended. Although the instant complaint being raised by plaintiffs involves the same parties as well as subject matter, the cause of action however, is entirely different from the first case which was earlier dismissed.

The DARAB New Rules of Procedure in Rule II, Section 1 paragraph (e), on the Jurisdiction of the DAR Adjudication Board explicitly provides:

"e) Those involving the sale, alienation, mortgage, foreclosure, preemption and redemption of agricultural lands under the coverage of the CARP or other agrarian laws;"

Complainants' cause of action clearly falls within the phrase "other agrarian laws" which includes Sections 11 and 12 of Republic Act 3844, as amended by Republic Act 6389 outlining the provisions on Preemption and Redemption.

It is also worthwhile to emphasize, that the dismissal by this Adjudicator of the complaint for Annulment of Sale filed by plaintiffs, was by reason of the fact that the sale between respondent Jaugans and co-respondent Sarne is not the kind of sale contemplated under Section 1, paragraph (c) of the DARAB New Rules of Procedure."[6]

Their motion for reconsideration having been denied, petitioners filed a petition for certiorari before the Court of Appeals which issued the questioned resolution denying their petition. In upholding the jurisdiction of the DARAB, the appellate court held that although the subject land is not under the administration and disposition of the DAR, the fact that it is agricultural land brings it under the coverage of CARP. As such, it ruled that the Provincial Adjudicator has jurisdiction over the complaint for redemption pursuant to Rule II, Section 1, par. (2) of the DARAB New Rules of Procedure which confers jurisdiction in the DARAB over "those involving the sale, alienation, mortgage, foreclosure, preemption and redemption of agricultural lands under the coverage of the CARP or other agrarian laws."

Hence, this appeal. Petitioners contend in the main that the complaint for redemption is not an agrarian case but is one for specific performance as it seeks to compel petitioners to accept the alleged balance of the purchase price and therefore it should be filed with the regular courts. Even assuming arguendo that it is an agrarian case, petitioners aver that the issue involves the determination of just compensation and is within the exclusive jurisdiction of the Regional Trial Court acting as a Special Agrarian Court, under Section 57 of Republic Act 6657 (CARP). They insist that since the landholding is not under the administration and disposition of the Department of Agrarian Reform and the Land Bank of the Philippines, then the case does not fall within the jurisdiction of the DARAB.

In its Comment, public respondent Provincial Agrarian Reform Adjudicator asserts that the case involves the exercise of the right of redemption of private respondents as tenants, hence, an agrarian reform dispute as the term is defined under Section 3 (d) of Republic Act 6657. It contends that the DARAB is vested with primary and exclusive jurisdiction to determine and adjudicate agrarian disputes involving the sale, alienation, mortgage, foreclosure, preemption and redemption of agricultural lands under the coverage of the CARP or other agrarian laws. It alleges that petitions for determination of just compensation which fall within the jurisdiction of the Special Agrarian Courts cover only those where the land has been voluntarily offered for sale to or was

compulsorily acquired by DAR, which is not the situation in the case at bar.

Private respondents also submit that by filing a motion to dismiss, petitioners hypothetically admitted the allegation in the complaint that private respondents are tenants and hence, any dispute arising from or connected with the tenancy relationship involves an agrarian dispute cognizable by the DARAB. They also contend that the present case does not involve the taking of property that would require the determination of just compensation and that what is involved is simply the exercise of the right of redemption by a tenant.

We find the petition without merit.

Petitioners first contend that the complaint is actually one for specific performance in that it seeks to compel petitioners to accept the balance of the purchase price and hence, the case is cognizable by the regular courts. We do not agree.

Respondents' cause of action is predicated on Section 12 of R.A. No. 3844 (or the Agricultural Land Reform Code) which provides that :

"Sec. 12. Lessee's Right of Redemption. - In case the landholding is sold to a third person without the knowledge of the agricultural lessee, the latter shall have the right to redeem the same at a reasonable price and consideration. Provided, That the entire landholding sold must be redeemed. Provided, further, That where there are two or more agricultural lessees, each shall be entitled to said right of redemption only to the extent of the area actually cultivated by him. The right of redemption under this section may be exercised within two (2) years from the registration of the sale and shall have priority over any other right of legal redemption."

We have consistently ruled that what determines the nature of an action, as well as which court or body has jurisdiction over it, are the allegations of the complaint, and the character of the relief sought.[7] The complaint for redemption alleged that Jose Rafal, during his lifetime, and his wife private respondent Romana Rafal, are tenants of a portion of the land owned by petitioner Sarne; and that on April 11, 1997, respondent Sarne sold the land to petitioners Juagans without giving notice to respondents. It was prayed that the Board order the redemption by respondents of the subject lot at a price originally agreed upon by respondent Romana Rafal and petitioner Sarne, as well as the cancellation of the deed of sale over the tenanted lot and the execution of the proper deed of conveyance in favor of respondents. Accordingly, the complaint pleaded a cause of action for redemption exclusively cognizable by the DARAB pursuant to Section 1 (e), Rule II of the DARAB Rules of Procedure.

As tenants, private respondents are entitled to redeem the land upon the sale thereof by petitioner Sarne to petitioners Jaugans. The right of the agricultural lessee to redeem the land he has been working on that has been disposed of without his knowledge is statutory in character. It is created by and rests upon the provisions of a particular law, and attaches to a particular landholding by operation of law.[8]

In *Hidalgo v. Hidalgo*[9], the Court stressed that:

". . . [T]he Land Reform Code forges by operation of law, between the landowner and the farmer — be a leasehold tenant or temporarily a share tenant — a vinculum juris with certain vital consequences, such as security of tenure of the tenant and the tenant's right to continue in possession of the land he works despite the expiration of the contract or the sale or transfer of the land to third persons, and now, more basically, the farmer's pre-emptive right to buy the land he cultivates under section 11 of the Code, as well as the right to redeem the land, if sold to a third person without his knowledge, under section 12 of this Code."

To strengthen the security of tenure of tenants, Section 10 of R.A. No. 3844 provides that the agricultural leasehold relation shall not be extinguished by the sale, alienation or transfer of the legal possession of the

landholding. With unyielding consistency, we have held that transactions involving the agricultural land over which an agricultural leasehold subsists resulting in change of ownership, such as the sale or transfer of legal possession, will not terminate the rights of the agricultural lessee who is given protection by the law by making such rights enforceable against the transferee or the landowner's successor in interest.[10] Consequently, the sale of the subject landholding to petitioners Jaugans did not adversely affect the security of tenure of the private respondents as tenants of the subject lot.

In addition, Section 7 of the law enunciates the principle of security of tenure of the tenant, such that it prescribes that the relationship of landholder and tenant can only be terminated for causes provided by law. As elucidated in the case of *Bernardo vs. Court of Appeals, et al.*,[11] security of tenure is a legal concession to agricultural lessees which they value as life itself and deprivation of their land holdings is tantamount to deprivation of their only means of livelihood. Perforce, the termination of the leasehold relationship can take place only for causes provided by law. The causes are specified in Sections 8, 28 and 36 of R.A. No. 3844. A perusal of these provisions will show that the mortgage of the landholding to the agricultural lessee is not among the causes for termination of the leasehold relationship. Hence, the contention that respondent Romana Rafal ceased to be a tenant by reason of the mortgage made in her favor has no legal leg to stand on.

The allegation of petitioners in their respective answers that respondent Romana Rafal ceased to be a tenant and should be considered a creditor of petitioner Sarne after the latter mortgaged the land to the former cannot effectively divest the DARAB of its jurisdiction. It is settled doctrine that jurisdiction is determined by the nature of the cause of action and the relief sought in the complaint, and not by the averments in the answer.[12] If it were otherwise, it would not be too difficult to have a case either thrown out of court or its proceedings unduly delayed by simple stratagem.[13] The DARAB will not lose its jurisdiction over an action for redemption by the simple expedience of a party raising as a defense therein the non-existence of the tenancy relationship. The said defense involves proof that should be presented in an appropriate time of the proceedings.

Petitioners likewise assert that the instant case should be dismissed because it is a reiteration of former DARAB Case No. VII-115-NO-97 which has been dismissed for lack of jurisdiction after the DARAB declared that the subject landholding is not under the administration and disposition of the DAR and Land Bank. Petitioners' argument does not persuade.

Section 50 of R.A. No. 6657 or the Comprehensive Agrarian Reform Law of 1988 provides that:

"SEC. 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"

Pursuant to the intention of the legislature to vest in the DAR exclusive jurisdiction over all agrarian reform matters, the DARAB New Rules of Procedure was adopted. Section 1, Rule II thereof defines the specific jurisdiction of the DARAB as follows:

"SECTION 1. Primary, Original and Appellate Jurisdiction. - The Agrarian Reform Adjudication Board shall have primary jurisdiction, both original and appellate, to determine and adjudicate all agrarian disputes, cases, controversies, and matters or incidents involving the implementation of the Comprehensive Agrarian Reform Program under Republic Act No. 6657, Executive Order Nos. 229, 228, and 129-A, Republic Act No. 3844 as amended by Republic Act No. 6389, Presidential Decree No. 27 and other agrarian laws and their implementing rules and regulations. Specifically, such jurisdiction shall extend over but not be limited to the following:

(a) Cases involving the rights and obligations of persons engaged in the cultivation and use of agricultural land covered by the Comprehensive Agrarian Reform Program (CARP) and other agrarian laws;

x x x x x x x x

(c) Cases involving the annulment or cancellation of lease contracts or deeds of sale or their amendments involving lands under the administration and disposition of the DAR or LBP;

x x x x x x x x

(e) Cases involving the sale, alienation, mortgage, foreclosure, preemption and redemption of agricultural lands under the coverage of the CARP or other agrarian laws;

x x x x x x x x"

It is clear that the jurisdiction of the DARAB in this case is anchored on Section 1, paragraph (e), Rule II of the DARAB New Rules of Procedure covering agrarian disputes involving the sale, alienation, mortgage, foreclosure, preemption and redemption of agricultural lands under the coverage of the CARP or other agrarian laws. There is nothing in the provision from which it can be inferred that the jurisdiction of the DARAB is limited only to agricultural lands under the administration and disposition of DAR and LBP. We should not distinguish where the law does not distinguish. The phrase "agricultural lands under the coverage of the CARP" includes all private lands devoted to or suitable for agriculture, as defined under Section 4 of R.A. No. 6657. It is worthy to note that in the enumeration defining the DARAB's jurisdiction, it is only in paragraph (c), that is, cases involving the annulment or cancellation of lease contracts or deeds of sale or their amendments involving lands, that the phrase "involving lands under the administration and disposition of the DAR or LBP" is used. That the same proviso does not appear in paragraph (e), which is the basis of respondents' cause of action, could only mean that it was never intended to be so limited. More importantly, the right to redeem is one of the rights granted to persons engaged in the cultivation and use of agricultural lands covered by the CARP and other agrarian laws. Jurisdiction over agrarian disputes involving these rights is also expressly vested in the DARAB under Section 1, paragraph (a) of the Rules. The DARAB was therefore correct in taking cognizance of the instant complaint for redemption, it being a case concerning the rights of respondents as tenants on agricultural land.

We quote with approval the Order[14] issued by public respondent dated July 8, 1998 denying petitioners' motion for reconsideration, viz.:

"It is the argument of counsel for respondents that in DARAB Case No. VII-115-NO-97 involving the same parties and subject matter as in the instant case, this Adjudicator made a finding that subject land is not under the administration and disposition of the DAR or LBP. It must be noted that this finding was anchored on Rule II, Section 1, subparagraph C of the DARAB New Rules of Procedure, considering that the earlier action that was filed by complainants was a case for Annulment of Contract of Sale and Damages.

x x x x x x

In the Order of Dismissal of that case for Annulment of Contract of Sale it was the ruling of the Adjudicator that the subject land does not fall within the contemplation of "lands under the administration and disposition of the DAR or LBP." As a matter of fact the Order defined or mentioned what lands fall under the administration and disposition of the DAR or LBP. This simply connotes that these lands whether public or private have been subjected to distribution to qualified farmer-beneficiaries.

The case at bar is for Redemption and Damages of a parcel of land which has not been subjected by the DAR for distribution to Comprehensive Agrarian Reform beneficiaries. This is precisely the reason why it does not fall within the context of lands under the administration and disposition of the DAR otherwise, the exercise of redemption would be futile.

The fact however that subject land is not under the administration and disposition of the DAR or has not been subjected to distribution does not mean that the same no longer falls within the jurisdiction of the DAR. It must be stressed at this point that all agricultural lands are under the Comprehensive Agrarian Reform Program of the government with the DAR as the implementing agency. Although lands within the retention limit of landowners are not subject for acquisition and distribution to beneficiaries but still they remain under the jurisdiction of the DAR.

The DARAB jurisdiction over this instant case is clearly provided under the provisions of the DARAB New Rules of Procedure particularly sub-paragraphs a and e of Rule II Section 1 x x x." (emphasis supplied)

WHEREFORE, the petition is DENIED for lack of merit. No costs.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Kapunan, Ynares-Santiago, and Austria-Martinez, JJ., concur.

[1] Penned by Associate Justice Artemio G. Tuquero, with Verzola and Dacudao, JJ., concurring; Annex A, Petition; Rollo, pp. 10-13.

[2] Original Record, pp. 2-6.

[3] Original Record, pp. 14-15.

[4] Ibid., pp. 16-19.

[5] Ibid., pp. 22-25.

[6] Ibid., pp. 39-41.

[7] Republic vs. CA, et al., 324 SCRA 560 (2000); Espiritu vs. CA, et al., 309 SCRA 355 (1999); Union Bank vs. CA, et al., 290 SCRA 198 (1998); Cañiza vs. CA, 268 SCRA 640 (1997); Javelosa vs. CA, et al., 265 SCRA 493 (1996).

[8] Cuaño, et al. vs. CA, et al., 237 SCRA 124 (1994); Hidalgo vs. Hidalgo, 33 SCRA 105 (1970).

[9] Supra.

[10] Endaya, et al. vs. CA, et al., 215 SCRA 109 (1992) citing Tanalgo v. Court of Appeals, 97 SCRA 421 (1980); See also Primero v. CAR, 101 Phil. 675 (1957).

[11] 168 SCRA 439 (1988).

[12] De Luna vs. CA, et al., 221 SCRA 703 (1993); Alvarez vs. Guanzon, 131 SCRA 559 (1984); Concepcion vs. Presiding Judge, 119 SCRA 222 (1982).

[13] Chico vs. CA, et al., 284 SCRA 33 (1998).

[14] Original Record, pp. 54-56.

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