

LEONARDA L. MONSANTO, PETITIONER, VS. JESUS AND TERESITA ZERNA AND COURT OF APPEALS, RESPONDENTS.

G.R. No. 142501. December 07, 2001

Ponente: PANGANIBAN, J.

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PANGANIBAN, J.:

The filing of a criminal action carries with it the civil liability arising from the offense. However, the trial court cannot adjudge civil matters that are beyond its competence and powers. Thus, while a court may have authority to pass upon the criminal liability of the accused, it cannot make any civil awards that relate to the agrarian relationship of the parties because this matter is beyond its jurisdiction.

Statement of the Case

Before us is a Petition for Review under Rule 45 of the Rules of Court, assailing the January 12, 2000 Decision[1] and the March 16, 2000 Resolution[2] of the Court of Appeals[3] (CA) in CA-GR CV No. 55440. The decretal portion of the challenged Decision reads as follows:

"IN VIEW OF ALL THE FOREGOING, for lack of jurisdiction, the assailed order of September 4, 1996 is hereby RECALLED, SET ASIDE and DECLARED NULL and VOID. The parties, if they so desire, should refer their dispute before the agrarian authorities. No pronouncement as to costs."[4]

The assailed Resolution denied petitioner's Motion for Reconsideration.

The Facts

Spouses Jesus and Teresita Zerna (herein private respondents) were charged with qualified theft in Criminal Case No. 5896, filed before the Regional Trial Court (RTC) of Lanao del Norte, Branch 6. This case was later re-raffled and transferred to Branch 4 of the same judicial region. The Information against private respondents was amended on June 8, 1995. It is reproduced hereunder:

"That on or about February 25, 1995, up to the following month of March, 1995, in the City of Iligan, Philippines, and within the jurisdiction of this Honorable Court, the said accused, conspiring and confederating together and mutually helping each other, being then the overseers of some banana plants on the land owned by one Leonarda Monsanto and principally devoted to coconut trees, and having access to said land as such, with grave abuse of confidence reposed [i]n them by the said owner, with intent to gain, did then and there willfully, unlawfully and feloniously take, steal, harvest and carry away coconuts from the premises of the said plantation, which the said accused then processed into copra with a total value of P6,162.50, belonging to said Leonarda Monsanto, without her consent and against her will, to the damage and prejudice of said Leonarda Monsanto in the aforesaid sum of P6,162.50, Philippine Currency."[5]

After trial on the merits, the RTC acquitted them of the charge on July 24, 1996. It held as follows:

"x x x [T]he harvest in the land by the [accused] was done, not for the purpose of stealing the coconuts or the copra, but more to confirm their claim that they are tenants of the land. In fact the lack of intent to gain is

shown by the fact that they immediately deposited the proceeds with the barangay captain and did not even claim a share [in] the proceeds of the copra.

x x x x x x x x

"In view of the foregoing, the Court finds that the [accused] are not tenants of the land and the cash deposit [from] the proceeds of the copra with the barangay captain belongs to the private complainant, Leonarda Monsanto. However, considering the lack of intent of the [accused] to gain, no criminal liability for theft has been committed by them." [6]

It then disposed of the case in the following manner:

"WHEREFORE, the criminal case for qualified theft against the [accused] Jesus Zerna and Teresita Zerna is hereby ordered dismissed and their bail bond cancelled. The barangay captain of Buru-un, Iligan City is hereby ordered to deliver the amount of P5,162.50, representing the proceeds [from the] copra sold by the [accused] to the private complainant, Leonarda Monsanto." [7]

The total proceeds of the copra sale alleged in the Information was P6,262.50. However, the awarded amount was only P5,162.50 which was deposited by private respondents with the barangay secretary of Buru-un [8] on March 2, 1995, after deducting P340 (harvesting cost) and P760 (labor cost). Thus, petitioner filed a timely Motion for Reconsideration praying that the remaining sum of P1,100 be returned to her. [9]

In its September 4, 1996 Order, the trial court granted the Motion and ordered private respondents to return the amount of P1,100. [10] It ruled thus:

"In his motion for reconsideration, the private prosecutor prays that with respect to the civil aspect of the case, the accused be made to return the amount of P1,100.00 which they appropriated for themselves from the gross proceeds of the stolen property.

"Opposing the said motion, counsel for the accused avers that the amount P1,100.00 was due to the accused as compensation for their labor and equity demands that they [be] entitled to it.

"The Court has already adjudged that the accused are not guilty of theft and therefore, they cannot be considered to have stolen the coconuts. But the motion has raised another issue.

"Are the accused entitled to the amount of P1,100.00 as compensation for labor in harvesting the coconuts and processing these into copra?

"The accused plead equity in their favor since [there] appears to be no law applicable to the incident in question. However, for equity to apply, good faith must exist.

"From the findings of this Court, the harvesting of the coconuts and processing of the same into copra were not with the consent of the private complainant. In fact, if the proper criminal charge were made, which could be unjust vexation, the accused could have been convicted as their acts certainly vexed the private complainant by their harvesting the coconuts and selling the copra. Therefore, without good faith, since the Court found that they did the acts complained of in an attempt to confirm their tenancy claim, equity was wanting.

"The accused could not be entitled to compensation for their labor done without the consent of the private complainant since, obviously, there was no contract of labor between them for the harvesting of the coconuts and processing of these into copra.

"Even our laws on quasi-contracts do not allow compensation [for] the accused.

"Without equity or any law in their favor, the accused are therefore not entitled to compensation for their vexatious acts." [11]

After a review of the records and the pleadings of the parties, the CA, on appeal, ruled that the trial court had no jurisdiction to order private respondents to pay petitioner the amount of P1,100. Because the dispute involved an agricultural tenancy relationship, the matter fell within the primary and exclusive original jurisdiction of the Department of Agrarian Reform Adjudication Board (DARAB). It added that inasmuch as the RTC had no jurisdiction to rule on the civil aspect of the case ergo, it had no appellate authority over the matter under a writ of error.

The appellate court thus "recalled, set aside and declared null and void" the September 6, 1996 RTC Order requiring the return of the P1,100 to petitioner.

Hence, this Petition.[12]

Issues

In her Memorandum, petitioner raises the following issues for the Court's consideration:

I

"Is the Regional Trial Court automatically divested of jurisdiction over a criminal case where an agrarian issue is argued as a defense, no matter how flimsy?

II

"Does the Court of Appeals have any competence to review an RTC Decision which ha[s] become FINAL as not appealed from, on the basis of a Notice of Appeal which was SPECIFICALLY and simply directed against an adscititious ORDER issued subsequent to that Decision?"[13]

This Court's Ruling

The Petition is devoid of merit.

First Issue:

DARAB Jurisdiction

Petitioner claims that the RTC was divested of its criminal jurisdiction when the CA annulled and set aside the September 4, 1996 Order. We disagree.

A careful review of the CA Decision shows that it merely set aside the September 4, 1996 RTC Order directing private respondents to pay P1,100 to petitioner. It did not annul the July 24, 1996 RTC Decision acquitting private respondents of qualified theft. Being an acquittal, the judgment became "final immediately after promulgation and cannot be recalled for correction or amendment." [14]

The trial court considered the return of the P1,100 as part of the civil aspect of the criminal case. As petitioner did not consent to the harvesting of the coconuts and the processing of the same into copra, then there was no basis to award the amount to private respondents. In the words of the trial court, "[w]ithout equity or any law in their favor, the accused are therefore not entitled to compensation for their vexatious acts." [15]

But what is the RTC's basis for ordering the return of P1,100 after it had already acquitted private respondents of qualified theft? Does the amount constitute civil liability? Let us clarify. Civil liability is the liability that may arise from (1) crime, (2) breach of contract or (3) tortious act. The first is governed by the Revised Penal Code; the second and the third, by the Civil Code. [16]

In the case at bar, there is no question that the RTC had criminal jurisdiction to try private respondents for the crime of qualified theft. In the normal course, it had authority to determine whether they had committed the crime

charged and to adjudge the corresponding penalty and civil liability arising therefrom.

On September 4, 1996, the RTC issued an Order requiring private respondents to return the P1,100 to petitioner on the ground that petitioner had not consented to the harvesting of the coconuts or to their conversion into copra. Such order appears inconsistent with the trial court's finding that private respondents had not committed the crime of qualified theft. In *People v. Pantig*,^[17] the Court held that where there is no crime committed, there can be no civil liability that can arise from the criminal action or as a consequence thereof, as follows:

"Where the civil liability which is included in the criminal action is that arising from and as [a] consequence of the criminal act, and the defendant was acquitted in the criminal case, no civil liability arising from the criminal charge could be imposed upon him. The liability of the defendant for the return of the amount so received by him may not be enforced in the criminal case but in a civil action for the recovery of the said amount."

The foregoing ruling has been modified by the current Rules. Thus, paragraph 2 of Section 2, Rule 120 of the present Rules of Court provides that "[i]n case the judgment is of acquittal, it shall state whether the evidence of the prosecution absolutely failed to prove the guilt of the accused or merely failed to prove his guilt beyond reasonable doubt. In either case, the judgment shall determine if the act or omission from which the civil liability might arise did not exist."

In the present set of facts, however, the RTC did not have jurisdiction to make a finding on the civil liability of the accused who were acquitted.

Specifically, we believe that the resolution of the issue of who is entitled to the P1,100 falls squarely within the jurisdiction of the DARAB. EO 229^[18] vested the Department of Agrarian Reform (DAR) with quasi-judicial powers to determine and adjudicate agrarian reform matters, as well as to exercise exclusive original jurisdiction over all matters involving the implementation of agrarian reform, except those falling under the exclusive original jurisdiction of the Department of Environment and Natural Resources (DENR) and the Department of Agriculture (DA).

Section 13 of EO 129-A,^[19] on the other hand, created the Department of Agrarian Reform Adjudication Board (DARAB), which was specifically tasked with the power and the function to decide agrarian reform cases. The DARAB, under Section 1, paragraph (a), Rule II of the Revised Rules of Procedure, exercises primary jurisdiction -- both original and appellate -- to determine and adjudicate all agrarian disputes, cases, controversies, and matters or incidents involving the implementation of agrarian laws and their implementing rules and regulations. The provision reads 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.' "

An agrarian dispute refers to any controversy relating to tenurial arrangements -- whether leasehold, tenancy, stewardship or otherwise -- over lands devoted to agriculture, including (1) disputes concerning farm workers'

associations; or (2) representation of persons in negotiating, fixing, maintaining, changing or seeking to arrange terms or conditions of such tenurial arrangement.[20]

In *Estates Development Corporation v. CA*,[21] the essential elements of a tenancy relationship were listed in this wise:

"For DARAB to have jurisdiction over a case, there must exist a tenancy relationship between the parties. In order for a tenancy agreement to take hold over a dispute, it would be essential to establish all its indispensable elements to wit: 1) the parties are the landowner and the tenant or agricultural lessee 2) subject matter of the relationship is an agricultural land 3) there is consent between the parties to the relationship 4) that 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."

Petitioner claims that private respondents were not her tenants, and that they raised the defense of tenancy in the criminal case merely to escape prosecution for qualified theft. On the other hand, private respondents assert that they were petitioner's tenants, as shown by the evidence adduced by the parties before the RTC.

After a careful review of the records of this case, we hold that an agrarian dispute existed between the parties. First, the subject of the dispute between them was the taking of coconuts from the property owned by petitioner. Second, private respondents were the overseers of the property at the time of the taking of the coconuts, as can be gleaned from the *Kasabutan* (or Agreement) executed between them on November 25, 1991, which reads thus:

"I, MRS. LEONARDA L. MONSANTO, am the owner of that land located at Tonggo, Mimbalot, Buru-un, Iligan City. This JESUS [Z]ERNA, whose wife is TERESITA ZERNA, had requested that he be allowed to oversee Mrs. Monsanto's Banana plants under the agreement that he (Jesus Zerna) would be paid for his labor for each banana plant cut in Tonggo."

"When I (Jesus Zerna) no longer want to oversee or wish to stop overseeing, Mrs. Leonarda Monsanto cannot force me to continue in the same way that I cannot force Mrs. Monsanto to hire me if my services are no longer needed."[22]

Third, petitioner allowed private respondents to plant coconut, coffee, jackfruit and cacao as shown by the said Agreement, pertinent portions of which are reproduced hereunder:

"And if I (Jesus Zerna) can plant coconut trees [o]n that land, I will be paid for them according to their ages. I (Jesus Zerna) am also allowed to plant coffee, jackfruit and cacao, under the same agreement."[23]

Finally, a tenurial arrangement exists among herein parties as regards the harvesting of the agricultural products, as shown by the several remittances made by private respondents to petitioner. These are substantiated by receipts.[24]

A tenancy relationship may be established either verbally or in writing, expressly or impliedly.[25] In the present case, undisputed by petitioner is the existence of the *Kasabutan*, which contradicts her contention that private respondents were mere overseers. In any event, their "being overseers does not foreclose their being also tenants," as held in *Rupa v. Court of Appeals*. [26] Evidently, the resolution of the agrarian dispute between the parties is a matter beyond the legal competence of regular courts.

To repeat, petitioner is claiming the questioned amount of P1,100 as the balance of the proceeds from the copra sale, which the RTC awarded her. Private respondents contend that this P1,100 is their compensation, pursuant to their tenurial arrangement with her. Since this amount is inextricably intertwined with the resolution of the agrarian dispute between them, we believe that the Court of Appeals did not commit any reversible error in

holding that it was DARAB that had jurisdiction to pass upon this civil matter.

Second Issue:

Lack of Jurisdiction Not Waived

Petitioner argues that jurisdiction was not raised as an issue in the appeal ergo, the CA should not have ruled on it.

We disagree. As a general rule, an appeal is limited to a review of the specific legal issues raised in the petition by the parties. However, even if not raised, an error in jurisdiction may be taken up.[27] Lack of jurisdiction over the subject matter may be raised at any stage of the proceedings -- even on appeal.[28] In *Del Rosario v. Mendoza*,[29] we have ruled as follows:

"Indeed there are exceptions to the aforecited rule that no question may be raised for the first time on appeal. Though not raised below, the issue of lack of jurisdiction over the subject matter may be considered by the reviewing court, as it may be raised at any stage."

The reason is that jurisdiction over a subject matter is conferred by law, not by the courts or the parties themselves. "Where the court itself clearly has no jurisdiction over the subject matter or the nature of the action, the invocation of this defense may be done at any time. It is neither for the courts nor the parties to violate or disregard that rule, let alone to confer that jurisdiction, this matter being legislative in character. x x x." [30]

In the present case, the RTC had jurisdiction to decide the criminal case against private respondents; however, it acted beyond its jurisdiction when it effectively ruled on the agricultural tenancy relationship between the parties. Private respondents had raised before it the issue of tenancy by way of defense, and apparently interwoven with the agrarian dispute, were the acts complained of by petitioner: the harvesting of the coconuts, their conversion into copra and, later, the sale thereof. Thus, the RTC should have confined itself to the determination of whether private respondents were guilty of qualified theft, instead of automatically awarding the proceeds of the copra sale to petitioner. Such matter, being an offshoot of the agrarian dispute between the parties, is cognizable exclusively by the DARAB.

WHEREFORE, the Petition is hereby DENIED and the assailed Decision and Resolution are AFFIRMED. Costs against petitioner.

SO ORDERED.

Melo, (Chairman), Vitug, Sandoval-Gutierrez, and Carpio, JJ., concur.

[1] Rollo, pp. 18-22.

[2] Rollo, p. 23.

[3] Seventeenth Division. Penned by J. Conrado M. Vasquez Jr. (Division chair); concurred in by JJ Candido V. Rivera and Edgardo P. Cruz (members).

[4] Assailed CA Decision, p. 4; rollo, p. 21.

[5] CA rollo, p. 15.

[6] RTC Decision, pp. 6-7; rollo, 53-54; CA rollo, pp. 20-21.

[7] RTC Decision, p. 7; CA rollo, p. 21; rollo, p.54.

[8] See Exh. "3"; records, p. 74.

[9] Ibid.

[10] September 4, 1996 RTC Order; CA rollo, pp. 55-56.

[11] Ibid.

[12] The case was deemed submitted for decision on January 25, 2001, upon the Court's receipt of respondent's Memorandum, which was signed by Atty. Angel C. Mencias. Petitioner's Memorandum, signed by Atty. Stephen L. Monsanto, was received by the Court on December 18, 2000.

[13] Petitioner's Memorandum, p. 4; rollo, p. 60.

[14] *People v. Sison*, 105 Phil. 1249, 1250, January 30, 1950, per Paras, CJ.

[15] September 4, 1996 RTC Order, p. 2; CA rollo, p. 56.

[16] Luis B. Reyes, *The Revised Penal Code*, Vol. I (14th ed., revised 1998), p. 926.

[17] 97 Phil 748, 749, October 25, 1955, per Labrador, J.

[18] "Providing the Mechanisms for the Implementation of the Comprehensive Agrarian Reform Program."

[19] Modifying Executive Order No. 129, "Reorganizing and Strengthening Department of Agrarian Reform and for Other Purposes."

[20] Section 3(d), RA 6657: "An Act Instituting a Comprehensive Agrarian Reform Program to Promote Social Justice and Industrialization, Providing the Mechanism for Its Implementation, and for Other Purposes."

[21] 335 SCRA 29, 38, July 5, 2000, per Pardo, J.

[22] Exh. "C-1"; records, p. 68.

[23] Ibid.

[24] Exhs. "5," "5-A," "5-B," "5-C," "5-D;" records, pp. 82-84.

[25] Section 7, Republic Act 1199, "An Act to Govern the Relations Between Landholders and Tenants of Agricultural Lands."

[26] 323 SCRA 153, 164; per Gonzaga-Reyes, J.

[27] *De Leon v. Court of Appeals*, 245 SCRA 166, June 19, 1995.

[28] *La Naval Drug Corporation v. CA*, 236 SCRA 90, August 31, 1994.

[29] GR No. 136308, January 23, 2001, per Panganiban, J.

[30] *La Naval Drug Corporation v. CA*, *supra*, p. 91, per Vitug, J.

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