LAND BANK OF THE PHILIPPINES, PETITIONER, VS. RENE RALLA BELISTA, RESPONDENT.

G.R. No. 164631. June 26, 2009

Ponente: PERALTA, J.

Read online (full-text search, related cases, audio case brief): https://batas.org/library/g-r-no-164631/

PERALTA, J.:

Before the Court is a petition for review on certiorari under Rule 45 of the Rules of Court filed by Land Bank of the Philippines (petitioner), seeking to annul and set aside the May 26, 2004 Decision[1] and the July 28, 2004 Resolution[2] of the Court of Appeals (CA) in CA-G.R. SP No. 81096.

The antecedent facts and proceedings, as narrated by the CA, are as follows:

> It appears that spouses Pablo Ralla and Carmen Munoz Ralla had donated their eight (8) parcels of lot located in Ligao, Albay to their daughter, Rene Ralla Belista, the herein private respondent.
>
> The eight (8) parcels of lot were placed by the Department of Agrarian Reform (DAR, for brevity) under the coverage of the Comprehensive Agrarian Reform Program (Presidential Decree No. 27 and Executive Order No. 228). Consequently, private respondent claimed payment of just compensation over said agricultural lands.
>
> It further appears that the DAR's evaluation of the subject farms was only P227,582.58, while petitioner Land Bank of the Philippines (LBP, for brevity) assessed the same at P317,259.31.
>
> Believing that her lots were grossly underestimated, private respondent, on 11 November 2002, filed a Petition for Valuation and Payment of Just Compensation against petitioning bank before the DARAB-Regional Adjudicator for Region V (RARAD-V) docketed as DCN D-05-02-VC-005.
>
> On 07 July 2003, the RARAD-V issued a Decision, in favor of herein private respondent, the fallo of which reads:
> Wherefore, just compensation for the subject areas is hereby preliminarily fixed at TWO MILLION EIGHT HUNDRED NINETY-SIX THOUSAND and FOUR HUNDRED EIGHT & 91/100 (P2,896,408.91) PESOS. Land Bank of the Philippines, Legaspi City, is hereby ordered to pay herein petitioner said amount pursuant to existing rules and guidelines, minus the sum already remitted per Order dated January 2, 2003.
>
> SO ORDERED.

As both parties interposed their respective motions for reconsideration, the RARAD-V eventually issued an Order dated 8 October 2003, the decretal portion of which reads:

> Wherefore, the Decision dated July 7, 2003 is MODIFIED, fixing the valuation claim of petitioner herein with respect to her due share in the above lots to the tune of Two Million Five Hundred Forty Thousand, Two Hundred Eleven and 58/100 (P2,540,211.58) Pesos. Land Bank Legaspi City is hereby ordered to pay herein petitioner said amount pursuant to existing rules and guidelines, minus the sum already paid per Order dated January 2, 2003.
>
> SO ORDERED.

Aggrieved, petitioner Bank, on 28 October 2003, filed an original Petition for Determination of Just Compensation at the same sala of the RTC, docketed as Agrarian Case No. 03-06.

The court a quo motu propio dismissed the case when it issued the herein first assailed Order dated 12 November 2003 "for failure to exhaust administrative remedies and/or comply with Sections 5, 6, and 7, Rule XIX, 2003 DARAB Rules of Procedure.

Petitioner LBP lodged a Motion for Reconsideration arguing, inter alia, "that the DARAB 2003 Rules of Procedure does not apply to SAC nor its precursor DARAB Case and that the ground for dismissal of the case is not among the instances when a court may dismiss a case on its motion."

As the court a quo denied its Motion for Reconsideration in an Order dated 28 November 2003, petitioner LBP elevated the case before the Tribunal through the present Petition for Review, theorizing:

- WHETHER OR NOT THE SAC A QUO ERRED IN DISMISSING THE CASE MOTU PROPIO ON THE GROUND OF PLAINTIFF'S FAILURE TO EXHAUST ADMINISTRATIVE REMEDIES.

- WHETHER OR NOT SECTIONS 5, 6, AND 7, RULE XIX OF THE DARAB 2003 RULES OF PROCEDURE APPLY TO CASES FILED AND PENDING BEFORE THE DARAB OR ITS ADJUDICATORS PRIOR TO ITS EFFECTIVITY AND TO CASES FILED AND PENDING WITH THE SPECIAL AGRARIAN COURTS.[3]

On May 26, 2004, the CA rendered its assailed Decision dismissing the petition.

The CA ruled that under Section 5, Rule XIX of the 2003 DARAB Rules of Procedure, an appeal from the adjudicator's resolution shall be filed before the DARAB and not before the RTC; that petitioner's filing of the case before the RTC without first seeking the intervention of the DARAB is violative of the doctrine of non-exhaustion of administrative remedies. The CA found that petitioner's petition for determination of just compensation was filed in the RTC on October 28, 2003 when the 2003 DARAB Rules of Procedure was already in effect, i.e., on February 8, 2003, and under its transitory provision, it is provided that the 2003 Rules shall govern all cases filed on or after its effectivity; and, since an appeal from the adjudicator's resolution should first be filed with the DARAB, the RTC, sitting as a Special Agrarian Court (SAC), did not err in dismissing petitioner's petition.

Petitioner filed a motion for reconsideration, which was denied in a Resolution dated July 28, 2004.

Petitioner is now before the Court raising the following arguments:

> - THE COURT OF APPEALS ERRED IN LAW IN DISMISSING THE PETITION FOR REVIEW CONSIDERING THAT THE LBP DID NOT VIOLATE THE "DOCTRINE OF NON-EXHAUSTION OF ADMINISTRATIVE REMEDIES" WHEN IT FILED THE ORIGINAL PETITION FOR DETERMINATION OF JUST COMPENSATION BEFORE THE COURT A QUO WITHOUT FIRST SEEKING THE INTERVENTION OF THE DARAB.
>
> - THE COURT OF APPEALS ERRED IN DECLARING THAT THE APPLICABLE RULE IS THE 2003 DARAB RULES OF PROCEDURE, DESPITE THE FACT THAT THE PETITION (FOR VALUATION AND PAYMENT OF JUST COMPENSATION) WAS FILED BEFORE THE RARAD ON NOVEMBER 11, 2002.[4]

Petitioner contends that the petition for valuation and payment of just compensation was filed with the DARAB-Regional Adjudicator for Region V (RARAD) on November 11, 2002, long before the effectivity of the 2003 Rules of Procedure; that under the transitory provision of the 2003 DARAB Rules, all cases pending with the

Board and the adjudicators prior to the date of the Rules' effectivity shall be governed by the DARAB Rules prevailing at the time of their filing; that clear from the transitory provision that it is the proceeding of the DARAB which is governed by the 2003 DARAB Rules of Procedure, thus, it is the date of filing of the petition with the DARAB or any of its adjudicators which is the reckoning date of the applicability of the 2003 DARAB Rules and not the date of filing with the SAC; that under the 1994 DARAB Rules prevailing at the time of the filing of the respondent's claim for just compensation, the Rules provided that the decision of the adjudicator on land valuation and preliminary determination of just compensation shall not be appealable to the Board, but shall be brought directly to the RTC; that it was in the observance of the 1994 DARAB Rules that petitioner brought the adjudicator's decision to the RTC sitting as SAC.

In his Comment, respondent claims that petitioner's petition with the RTC is an original action and, since the case was filed at a time when appeal to the DARAB Central Office was already provided in the 2003 DARAB Rules before resorting to judicial action, the RTC correctly dismissed the petition, which was correctly affirmed by the CA.

Petitioner filed a Reply reiterating its arguments in the petition.

The issue for resolution is whether it is necessary that in cases involving claims for just compensation under Republic Act (RA) No. 6657 that the decision of the Adjudicator must first be appealed to the DARAB before a party can resort to the RTC sitting as SAC.

The court rules in the negative.

Sections 50 and 57 of RA No. 6657 provide:

> 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
>
> Section 57. Special Jurisdiction. - The Special Agrarian Court shall have original and exclusive jurisdiction over all petitions for the determination of just compensation to landowners, and the prosecution of all criminal offenses under this Act. x x x
>
> The Special Agrarian Courts shall decide all appropriate cases under their special jurisdiction within thirty (30) days from submission of the case for decision.

Clearly, under Section 50, DAR has primary jurisdiction to determine and adjudicate agrarian reform matters and exclusive original jurisdiction over all matters involving the implementation of agrarian reform, except those falling under the exclusive jurisdiction of the DA and the DENR. Further exception to the DAR's original and exclusive jurisdiction are all petitions for the determination of just compensation to landowners and the prosecution of all criminal offenses under RA No. 6657, which are within the jurisdiction of the RTC sitting as a Special Agrarian Court. Thus, jurisdiction on just compensation cases for the taking of lands under RA No. 6657 is vested in the courts.

In Republic v. CA,[5] the Court explained:

> Thus, Special Agrarian Courts, which are Regional Trial Courts, are given original and exclusive jurisdiction over two categories of cases, to wit: (1) "all petitions for the determination of just compensation to landowners" and (2) "the prosecution of all criminal offenses under [R.A. No. 6657]." The provisions of §50 must be construed in harmony with this provision by considering cases involving the determination of just compensation and criminal cases for violations of R.A. No. 6657 as excepted from the plenitude of power

> conferred on the DAR. Indeed, there is a reason for this distinction. The DAR is an administrative agency which cannot be granted jurisdiction over cases of eminent domain (for such are takings under R.A. No. 6657) and over criminal cases. Thus, in EPZA v. Dulay and Sumulong v. Guerrero - we held that the valuation of property in eminent domain is essentially a judicial function which cannot be vested in administrative agencies, while in Scoty's Department Store v. Micaller, we struck down a law granting the then Court of Industrial Relations jurisdiction to try criminal cases for violations of the Industrial Peace Act.[6]

In a number of cases, the Court has upheld the original and exclusive jurisdiction of the RTC, sitting as SAC, over all petitions for determination of just compensation to landowners in accordance with Section 57 of RA No. 6657.

In Land Bank of the Philippines v. Wycoco,[7] the Court upheld the RTC's jurisdiction over Wycoco's petition for determination of just compensation even where no summary administrative proceedings was held before the DARAB which has primary jurisdiction over the determination of land valuation. The Court held:

> In Land Bank of the Philippines v. Court of Appeals, the landowner filed an action for determination of just compensation without waiting for the completion of DARAB's re-evaluation of the land. This, notwithstanding, the Court held that the trial court properly acquired jurisdiction because of its exclusive and original jurisdiction over determination of just compensation, thus -
> ... It is clear from Sec. 57 that the RTC, sitting as a Special Agrarian Court, has "original and exclusive jurisdiction over all petitions for the determination of just compensation to landowners." This "original and exclusive" jurisdiction of the RTC would be undermined if the DAR would vest in administrative officials original jurisdiction in compensation cases and make the RTC an appellate court for the review of administrative decisions. Thus, although the new rules speak of directly appealing the decision of adjudicators to the RTCs sitting as Special Agrarian Courts, it is clear from Sec. 57 that the original and exclusive jurisdiction to determine such cases is in the RTCs. Any effort to transfer such jurisdiction to the adjudicators and to convert the original jurisdiction of the RTCs into an appellate jurisdiction would be contrary to Sec. 57 and, therefore, would be void. Thus, direct resort to the SAC [Special Agrarian Court] by private respondent is valid.

In the case at bar, therefore, the trial court properly acquired jurisdiction over Wycoco's complaint for determination of just compensation. It must be stressed that although no summary administrative proceeding was held before the DARAB, LBP was able to perform its legal mandate of initially determining the value of Wycoco's land pursuant to Executive Order No. 405, Series of 1990.[8] x x x

In Land Bank of the Philippines v. Natividad,[9] wherein Land Bank questioned the alleged failure of private respondents to seek reconsideration of the DAR's valuation, but instead filed a petition to fix just compensation with the RTC, the Court said:

> At any rate, in Philippine Veterans Bank v. CA, we held that there is nothing contradictory between the DAR's primary jurisdiction to determine and adjudicate agrarian reform matters and exclusive original jurisdiction over all matters involving the implementation of agrarian reform, which includes the determination of questions of just compensation, and the original and exclusive jurisdiction of regional trial courts over all petitions for the determination of just compensation. The first refers to administrative proceedings, while the second refers to judicial proceedings.
>
> In accordance with settled principles of administrative law, primary jurisdiction is vested in the DAR to determine in a preliminary manner the just compensation for the lands taken under the agrarian reform program, but such determination is subject to challenge before the courts. The resolution of just compensation cases for the taking of lands under agrarian reform is, after all, essentially a judicial function.
>
> Thus, the trial court did not err in taking cognizance of the case as the determination of just compensation is a function addressed to the courts of justice.[10]

In Land Bank of the Philippines v. Celada,[11] where the issue was whether the SAC erred in assuming jurisdiction over respondent's petition for determination of just compensation despite the pendency of the administrative proceedings before the DARAB, the Court stated that:

> It would be well to emphasize that the taking of property under RA No. 6657 is an exercise of the power of eminent domain by the State. The valuation of property or determination of just compensation in eminent domain proceedings is essentially a judicial function which is vested with the courts and not with administrative agencies. Consequently, the SAC properly took cognizance of respondent's petition for determination of just compensation.[12]

The RTC dismissed petitioner's petition for determination of just compensation relying on Sections 5, 6 and 7 of Article XIX of the 2003 DARAB Rules of Procedure, to wit:

> Section 5. Appeal. A party who disagrees with the resolution of the Adjudicator may bring the matter to the Board by filing with the Adjudicator concerned a Notice of Appeal within fifteen (15) days from receipt of the resolution. The filing of a Motion for Reconsideration of said resolution shall interrupt the period herein fixed. If the motion is denied, the aggrieved party may file the appeal within the remaining period, but in no case shall it be less than five (5) days.
>
> Section 6. When Resolution Deemed Final. Failure on the part of the aggrieved party to contest the resolution of the Adjudicator within the aforecited reglementary period provided shall be deemed a concurrence by such party with the land valuation, hence said valuation shall become final and executory.
>
> Section 7. Filing of Original Action with the Special Agrarian Court for Final Determination. The party who disagrees with the decision of the Board may contest the same by filing an original action with the Special Agrarian Court (SAC) having jurisdiction over the subject property within fifteen (15) days from his receipt of the Board's decision.

Notably, the above-mentioned provisions deviated from Section 11, Rule XIII of the 1994 DARAB Rules of Procedure which provides:

> Section 11. Land Valuation and Preliminary Determination and Payment of Just Compensation - The decision of the Adjudicator on land valuation and preliminary determination and payment of just compensation shall not be appealable to the Board, but shall be brought directly to the Regional Trial Courts designated as Special Agrarian Courts within fifteen (15) days from receipt of the notice thereof. Any party shall be entitled to only one motion for reconsideration.

where DARAB acknowledges that the decision of just compensation cases for the taking of lands under RA 6657 is a power vested in the courts.[13] Although Section 5, Rule XIX of the 2003 DARAB Rules of Procedure provides that the land valuation cases decided by the adjudicator are now appealable to the Board, such rule could not change the clear import of Section 57 of RA No. 6657 that the original and exclusive jurisdiction to determine just compensation is in the RTC. Thus, Section 57 authorizes direct resort to the SAC in cases involving petitions for the determination of just compensation.[14] In accordance with the said Section 57, petitioner properly filed the petition before the RTC and, hence, the RTC erred in dismissing the case. Jurisdiction over the subject matter is conferred by law.[15] Only a statute can confer jurisdiction on courts and administrative agencies while rules of procedure cannot.[16]

WHEREFORE, the petition for review on certiorari is GRANTED. The Decision dated May 26, 2004 and the Resolution dated July 28, 2004, of the Court of Appeals in CA-G.R. SP No. 81096, are REVERSED and SET ASIDE. The Regional Trial Court, Branch 3, Legaspi City, sitting as Special Agrarian Court, is directed to hear without delay petitioner's petition for the determination of just compensation.

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

SO ORDERED.

Ynares-Santiago, (Chairperson), Chico-Nazario, Velasco, Jr., and Nachura, JJ., concur.

---

[1] Penned by Associate Justice Andres B. Reyes, Jr., with Associate Justices Buenaventura J. Guerrero and Edgardo F. Sundiam, concurring; rollo, pp. 40-46.

[2] Penned by Associate Justice Andres B. Reyes, Jr., with Associate Justices Mario L. Guariña III (vice J. Guerrero who retired) and Edgardo F. Sundiam, concurring; rollo, p. 49.

[3] Rollo, pp. 41-43.

[4] Id. at 29-30.

[5] G.R. No. 122256, October 30, 1996, 263 SCRA 758.

[6] Id. at 763.

[7] G.R. Nos. 140160 and 146733, January 13, 2004, 419 SCRA 67.

[8] Id. at 76-77.

[9] G.R. No. 127198, May 16, 2005, 458 SCRA 441.

[10] Id. at 450-451.

[11] G.R. No. 164876, January 23, 2006, 479 SCRA 495.

[12] Id. at 504-505.

[13] Republic v. Court of Appeals, G.R. No. 122256, October 30, 1996, 263 SCRA 758, 764.

[14] Confederation of Sugar Producers Association, Inc. vs. Department of Agrarian Reform (DAR), G..R. No. 169514, March 30, 2007, 519 SCRA 582, 637.

[15] Dao-ayan v. Department of Agrarian Reform Adjudication Board (DARAB), G.R. No. 172109, August 29, 2007, 531 SCRA 620, 626.

[16]Republic v. Court of Appeals, supra note 13.

Study hands-free: podcast-style lessons with read-along highlighting - batas.org

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at https://batas.org

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.