JANETTE PEÑA AND BOB GUINTO, PETITIONERS, VS. DEPARTMENT OF AGRARIAN REFORM, DOMINGO QUIANI, SR., ALFONSO PEREZ, RICARDO MANGUAN, LEON RIVERA, CASIMIRO H. MANGUAN, ROBERT CUBAS,...

G.R. No. 276299, June 09, 2026

Ponente: LOPEZ, J.

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LOPEZ, J.:

This Court resolves a Petition for Review on Certiorari[4] assailing the Resolutions[5] of the Court of Appeals (CA), which dismissed the Petition for Review of Janette Peña (Peña) and Bob Guinto (Guinto) for failing to observe the principle of exhaustion of administrative remedies and due to procedural infirmities.[6]

The Antecedents

The Cruz and Sioson Estate, formerly known as the Valdez Estate, spans approximately 150 hectares in Barangay Balingcanaway, Tarlac City. Since 1990, landless farmers, including Domingo Quiani, Sr., Alfonso Perez, Ricardo Manguan, Leon Rivera, Casimiro H. Manguan, Robert Cubas, Nelson Roque, Mario Pineda, Ronaldo Pineda, Florentino Pineda, Jojit Pineda, Willy Dueñas, Rodolfo Canlas, Wilson Quiani, Francisco Concepcion, Jr., Jun Baisa, Pablo Infante, Lito Dueñas, Arpie Palma, Reynante Quiani, Conrado Quiani, Jayvee Baluyut, Andy Oñate, Arnold Aquino, Elvis Roque, Antonio Espino, Eric Dimarucot, Chriz Quiani, Eugenio Villanueva, Renato Concepcion, Eusebio Peralta, Mamerto Tuiza, Rene Vergara, Herson Palyasigi, Nemesio Canlas, Noel Concepcion, Romeo Quiani, Erwin Salvador, Alvin Rivera, Guadalupe Quiani, Eduardo Quiani, Leonarda Fiesta, Nicholas Moral, Elexer Dueñas, Badey Oñate, Julie Baluyut, Jim Ryan Quiani, Benigno De Guzman, Amelito Magat, Rodolfo Concepcion, William Facunla, and Gloria Quiani (collectively referred to as Quiani et al.) have allegedly occupied and cultivated these parcels of land.[7] They had been regularly paying lease rentals to the estate's administrators.[8] They averred that the subject property was subjected to Comprehensive Agrarian Reform Program coverage under Republic Act No. 6657 and had already been distributed to farmer-beneficiaries.[9] They claimed that the awardees of the estate's landholdings illegally sold their awarded portions to Peña, Guinto, and several other individuals, resulting in the transfer of lands under the names of the landowners' relatives or nominees.[10] Specifically, Transfer Certificate of Title (TCT) No. 370629 was issued to Andresito Boiser, Jr. (Boiser), while TCT No. 363864 was issued to Peña and Guinto.[11] TCT No. 363864 contains more or less seven hectares.[12] According to Quiani et al., Boiser and Peña have never occupied or cultivated any portion of the subject land, which the Sioson and Cruz families are purportedly now offering for sale to prospective foreign and local buyers. As a result, Quiani et al. filed a Petition for Reallocation with the Department of Agrarian Reform (DAR).[13]

Peña and Guinto filed their Opposition,[14] denying the allegations against them and asserting that the parcel of land covered by TCT No. 363864 is not for sale.[15] They argued that TCT No. 363864 falls outside the scope of Republic Act No. 6657, as amended by Republic Act No. 9700, as it was originally part of the land reform program under Republic Act No. 1162, as amended by Republic Act No. 1400, and had been already distributed

to qualified farmer beneficiaries. As such, Peña and Guinto maintained that the subject land cannot be reacquired and reallocated under the Comprehensive Agrarian Reform Program (CARP).[16] Further, even if the subject land were eligible for CARP coverage, they contended that its reallocation to Quiani et al. would violate their retention rights as the subject land, which they co-own, does not exceed five hectares per co-owner.[17] Additionally, they argued that no tenancy relationship exists between the parties, thus disqualifying Quiani et al. as farmer beneficiaries, and characterizing them as mere intruders.[18]

In its Order,[19] the DAR Regional Director dismissed the Petition for Reallocation for lack of sufficient basis.[20] It found that the records do not establish the entitlement of Quiani et al. to the reallocation they sought.[21] Finding no substantial evidence to support their claim, the DAR Regional Director concluded that they could not be declared farmer beneficiaries of the subject land.[22]

Aggrieved, Quiani et al. appealed to the DAR Secretary. In its Order,[23] the DAR Secretary affirmed the Order of the DAR Regional Director dismissing the Petition for Reallocation.[24]

Subsequently, Quiani et al. moved for reconsideration. In its Order,[25] the DAR Secretary granted the Motion, disposing as follows:

> WHEREFORE, premises considered, the Motion for Reconsideration is GRANTED. Thus, the assailed Order dated [March 6, 2018] is REVERSED. The Provincial Agrarian Reform Program Officer (PARPO) II is hereby ordered to:
>
> - INITIATE proceedings for the cancellation of TCT No. 370629 registered in the name of Andresito Boiser, TCT No. 363864 registered in the name of Janette Peña, and other titles the issuance of which are found to be in contravention of Sec. 21 of [Republic Act No. 1400, Sec. 7 of [Republic Act] No. 1162, and Sec. 27 of [Republic Act No. 6657;
>
> - INITIATE reallocation proceedings including but not limited to the determination of the qualified farmer-beneficiaries for the subject landholding; and
>
> - CAUSE the issuance of the proper titles in the names of the qualified farmer-beneficiaries, under the applicable rules.

SO ORDERED.[26] (Emphasis in the original)

The DAR Secretary ruled that Peña's purported admission that some of the portions of the subject land had been transferred in the names of the landowners' relatives or buyers[27] sufficiently established that the previous agrarian reform beneficiaries violated Section 7 of Republic Act No. 1162 and Section 1 of Republic Act No. 1400, which prohibit the transfer of the subject land without meeting specific conditions[28] The DAR Secretary also determined that Peña did not cultivate the subject land, disqualifying her as beneficiary.[29]

The DAR Secretary further held that the DAR Regional Director erred in concluding that the subject land could not be reacquired by the government and redistributed to other qualified beneficiaries. It emphasized that Peña and Guinto admitted that they are landowners rather than tillers of the subject land, making them prohibited transferees under agrarian reform laws.[30]

Peña and Guinto sought reconsideration,[31] but this was denied by the DAR Secretary in its Order.[32]

Undeterred, Peña and Guinto filed a Petition for Review with the CA.[33] In a Resolution,[34] the CA dismissed the appeal of Peña and Guinto, disposing as follows:

> The instant petition is DISMISSED:

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1.

For petitioners' failure to observe the principle of exhaustion of administrative remedies.

2.

Procedural infirmities:

a.

The Verification and Certification of Non-Forum Shopping attached on page 27 failed to indicate in its jurat the competent proof of identity of the affiants contrary to Sec. 12, Rule 12 of the 2004 Rules of Notarial Practice (A.M. No. 02-8-13-SC). Additionally, the notarial certificate imprinted by the notary public on said document is blurred and unreadable;

b.

The Orders dated September 29, 2022, March 06, 2018[,] and February 12, 2020 issued by the Secretary of DAR, as well as, the Order dated January 14, 2011 rendered by the DAR Regional Director which are attached to the petition are neither certified true copies or original duplicate copies and all are mere machine copy of the original;

c.

Petitioners attached blurred and unreadable copies of Annexes "2" to "6" of Motion for Reconsideration filed by Janette Peña and Bob Guinto appended as Annex "F" of petition;

d.

Petitioners failed to append clear and legible copies of the following documents and pleadings, to wit:

i.

Opposition dated August 31, 2010 as mentioned on p. 3 of Order dated September 29, 2022 (p. 33 of rollo);

ii.

Motion for Reconsideration with Notice of Appearance and Authority of Substitution by the Attorney-in-Fact dated March 16, 2019 filed by Quiani, et al. as mentioned on p. 4 of of [sic] Order dated September 29, 2022 (p. 34 rollo);

iii.

Amended Petition dated July 21, 2010 as mentioned on p. 1 of DAR Regional Office Order dated January 14, 2011 (p. 56 of rollo);

iv.

Opposition filed by Jannete Peña [sic] as mentioned on p. 3 of DAR Regional Office Order dated January 14, 2011 (p. 57 of rollo); and

v.

Appeal of Quiani, et al. before the DAR Secretary as mentioned on p. 2 of DAR Order dated March 06, 2018 (p. 62 of rollo).[35] (Emphasis in the original)

Peña and Guinto moved for reconsideration, but this was denied by the CA in its Resolution.[36] The CA reiterated that Peña and Guinto failed to exhaust the administrative remedies available to them. The CA pointed

out that under Section 33 of the DAR Administrative Order No. 03-03, appeals from the DAR Secretary's decisions must first be brought to the Office of the President (OP).[37] The CA explained that the case should be resolved by administrative superiors before judicial intervention, further highlighting that none of the exceptions to the doctrine of exhaustion of administrative remedies apply to the present case.[38]

Hence, Peña and Guinto filed this Petition.

Peña and Guinto argue that they did not violate the principle of exhaustion of administrative remedies, asserting that their Petition for Review is permitted under Republic Act No. 6657 and DAR Administrative Order No. 03-03.[39] They contend that an appeal to the OP is not a plain, speedy, and adequate administrative remedy since the DAR Secretary already exercised its appellate jurisdiction when it rendered its Order reversing the ruling of the DAR Regional Director.[40] Peña and Guinto also claim that the factual circumstances of the case warrant the application of an exception to the general rule on exhaustion of administrative remedies.[41] They also insist that the DAR should not have taken cognizance of the Petition, arguing that it constituted a prohibited collateral attack on their title.[42] As such, Peña and Guinto maintain that the proceedings before the DAR and its Orders should be declared null and void.[43]

In its Comment,[44] Quiani et al. reiterate that Peña and Guinto failed to comply with the principle of exhaustion of administrative remedies as they should have first appealed to the OP.[45] They further aver that none of the exceptions to the principle apply in this case.[46]

Meanwhile, in its Comment,[47] DAR insists that the CA did not err in dismissing the case for failure to exhaust administrative remedies.[48] It maintains that the case of Quiani et al. does not fall under any of the exceptions to the doctrine.[49] The DAR argues that an appeal before the OP is necessary inasmuch as the President exercises control and supervision over the acts of the heads of department in the executive department.[50]

Issue
Whether the CA properly dismissed the Petition for Review of petitioners Janette Peña and Bob Guinto for failure to exhaust the administrative remedies available to them.

This Court's Ruling
The Petition must be granted.

The CA erred in dismissing the Petition for Review of petitioners on the ground of failure to exhaust the administrative remedies available to them

After a judicious study of the case, this Court finds that the CA erred in dismissing the Petition for Review on the ground that petitioners failed to exhaust the available administrative remedies.

The principle of exhaustion of administrative remedies requires that:

> [R]ecourse through court action cannot prosper until after all such administrative remedies have first been exhausted. If remedy is available within the administrative machinery, this should be resorted to before recourse can be made to courts. The party with an administrative remedy must not only initiate the prescribed administrative procedure to obtain relief but also pursue it to its appropriate conclusion before seeking judicial intervention in order to give the administrative agency an opportunity to decide the matter itself correctly and prevent unnecessary and premature resort to the court. The [nonobservance] of the doctrine of exhaustion of administrative remedies results in lack of cause of action, which is one of the grounds in the Rules of Court justifying the dismissal of the complaint.[51] (Citations omitted)

It is well settled that a party aggrieved by an order of an administrative official should first appeal to the higher administrative authority before seeking judicial relief.[52]

At the time the Petition for Reallocation was filed in 2010, the procedure governing agrarian law cases was stated in the 2003 Rules for Agrarian Law Implementation Cases, as embodied in DAR Administrative Order No. 03-03. The relevant provisions on appeal and judicial review are found in Sections 33 and 34, which state:

> SECTION 33. Appeals. Appeals from the decision of the Secretary may be taken to the OP within fifteen (15) days from receipt thereof. The filing of an appeal within the proper period stays execution of the subject decision, unless the OP orders immediate execution of the DAR decision upon such terms and conditions that are just and reasonable, pursuant to Section 4 of OP Administrative Order (AO) No. 18 dated [February 12, 1987], or the applicable rule.
>
> SECTION 34. Judicial review. In cases where the appellant opts to elevate his appeal directly to a judicial forum, the governing procedure shall be the pertinent provisions of the Rules of Court, until and unless the judicial forum dismisses the appeal for failure to exhaust administrative remedies. (Emphasis supplied)

Notably, DAR Administrative Order No. 03-03[53] was repealed by DAR Administrative Order No. 03-17.[54] Notwithstanding, the provisions of DAR Administrative Order No. 03-17 shall apply only to cases filed on or after its effectivity. Thus, the CA correctly concluded that the provisions of the earlier DAR Administrative Order No. 03-03 govern the appeal of respondents, who filed their Petition for Reallocation in 2010.[55]

Having established that the DAR Administrative Order No. 03-03 applies to this case, this Court now examines the pertinent provisions on appeal. Section 33 explicitly states that "[a]ppeals from the decision of the [DAR] Secretary may be taken to the OP within [15] days from receipt,"[56] thus mandating that an aggrieved party first seek administrative recourse. However, this must be harmonized with Section 34, which provides that where the case is appealed "directly to a judicial forum, the governing procedure shall be the pertinent provisions of the Rules of Court, until and unless the judicial forum dismisses the appeal for failure to exhaust administrative remedies."[57] Thus, Section 34 allows for direct judicial review only when the appellant's case qualifies for an exception to the principle of exhaustion of administrative remedies. If the court determines that disregarding this principle was unjustified, the appeal may be dismissed, as in this case.

The principle of exhaustion of administrative remedies is rooted in sound public policy and practical considerations and is not an inflexible rule.[58] As stated by this Court in Republic v. Lacap,[59] the recognized exceptions are as follows:

> (a) [W]here there is estoppel on the part of the party invoking the doctrine; (b) where the challenged administrative act is patently illegal, amounting to lack of jurisdiction; (c) where there is unreasonable delay or official inaction that will irretrievably prejudice the complainant; (d) where the amount involved is relatively small so as to make the rule impractical and oppressive; (e) where the question involved is purely legal and will ultimately have to be decided by the courts of justice; (f) where judicial intervention is urgent; (g) when its application may cause great and irreparable damage; (h) where the controverted acts violate due process; (i) when the issue of [nonexhaustion] of administrative remedies has been rendered moot; G) when there is no other plain, speedy[,] and adequate remedy; (k) when strong public interest is involved; and, (l) in quo warranto proceedings[.][60] (Emphasis supplied, citations omitted)

In the present case, two exceptions justify the direct resort to the CA, namely, (1) where the challenged administrative act is patently illegal, amounting to lack of jurisdiction; and (2) where the question involved is purely legal and will ultimately have to be decided by the courts of justice. In the interest of judicial economy, this Court finds it prudent to discuss the foregoing exceptions jointly and resolve the case directly rather than to remand it to the CA. This course of action conserves the resources of both the litigants and the judiciary, while

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promoting the swift and efficient administration of justice.

To recall, respondents filed a Petition for Reallocation of the subject land that was transferred to petitioners through TCT No. 363864. Respondents pray that the subject land be reallocated to them through the government's agrarian reform program under Republic Act No. 6657, as amended by Republic Act No. 9700.[61]

To determine whether direct appeal to the CA is warranted, it is imperative to trace the title of the subject land and examine its origin and the nature of its transfer to petitioners.

Initially, the subject land was registered under Original Certificate of Title (OCT) No. 325 under a homestead patent in accordance with Act No. 2874 until its cancellation in 1966. TCT No. 10811 was then issued in lieu of the OCT in the name of Marian Cruz (Marian).[62] In the same year, a Deed of Partition was executed in favor of Marian's heirs, Rufina C. Cruz (Rufina) and Artemio C. Cruz (Artemio), leading to the cancellation of TCT No. 10811 and the issuance of TCT No. 63371 in their names.[63] Subsequently, Artemio relinquished his rights by selling his interest to Rufina and Conrado C. Genilo, Sr. (Conrado, Sr.),[64] which resulted in the cancellation of TCT No. 63371 and the issuance of TCT No. 63375 in Rufina's name, married to Conrado, Sr.[65] A Deed of Absolute Sale was then executed in favor of Conrado C. Genilo, Jr. (Conrado, Jr.), causing the cancellation of TCT No. 63375 and the issuance of TCT No. 162489 in the name of Conrado, Jr., married to Maria Dulce Ramiro.[66] In 2003, the subject land was sold to petitioners. Consequently, TCT No. 162489 was cancelled and TCT No. 363864 was issued in their names.[67]

It is also worth noting that TCT No. 162489, the title of petitioners' immediate predecessors-in-interest, bore an annotation confirming that the subject land was not covered by any agrarian reform law:

> E-43-1[9] 66: Kind: Investigation Report[] in f[a]vor of Conrado Genilo[,] Jr., Cond. As per DAR investigation report the herein described property is not tenanted, is not covered by Operation Land Tran[sfer] pursuant to [PD No.] 27, and is not entered into any leasehold agreements and not also covered by [Republic Act No.] 6657.
> Date of Instrument-
> Date of Inscription- Jan. 28, 2003 at 2:50 p.m.
> (sgd)
> RONNIE T. TABABA, Actg. Reg. of Deeds[68]

To stress, the quasi-judicial powers of DAR are exercised through its quasi-judicial arm, the Department of Agrarian Reform Adjudication Board. Section 50 of Republic Act No. 6657, as amended by Republic Act No. 9700, outlines its scope of jurisdiction as follows:

> Section 50. Quasi-Judicial Powers of the DAR. — The DAR is hereby vested with the 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)[.]

From the foregoing provision, it is clear that DAR is vested with matters involving the implementation of agrarian reform programs that do not fall under the exclusive jurisdiction of the Department of Environment and Natural Resources.

In this case, the subject land was conveyed to petitioners by way of a sale, not through any agrarian reform program. Consequently, since the subject land is outside the ambit of agrarian reform, DAR erred in taking cognizance of respondents' Petition for Reallocation. The challenged Orders of the DAR Secretary are patently illegal as they rely on an exercise of jurisdiction that does not exist.

Further, whether a petition for reallocation of an award to beneficiary farmers constitutes a collateral attack on a Torrens title is fundamentally a question of law. In this case, respondents' Petition for Reallocation essentially amounts to a collateral attack that is prohibited under Section 48 of Presidential Decree No. 1529, which states:

> Section 48. Certificate not subject to collateral attack. — A certificate of title shall not be subject to collateral attack. It cannot be altered, modified[,] or canceled except in a direct proceeding in accordance with law. (Emphasis supplied)

It is settled that a Torrens title is irrevocable, and its validity may only be challenged through a direct proceeding.[69] The indefeasibility of title is echoed in Section 9 of Republic Act No. 9700, which provides:

> [T]he emancipation patent, the certificates of land ownership award, and other titles issued under any agrarian reform program shall be indefeasible and imprescriptible after one (1) year from its registration with the Office of the Registry of Deeds subject to the conditions, limitations and qualifications of this Act, the property registration decree, and other pertinent laws. The emancipation patents or the certificates of land ownership award being titles brought under the operation of the Torrens system are conferred with the same indefeasibility and security afforded to all titles under the said system, as provided for by Presidential Decree No. 1529, as amended by Republic Act No. 6732[.]

As a rule, once land has been validly awarded under any of the statutes on agrarian reform, it cannot be reallocated to other farmers claiming tenancy. However, there are recognized exceptions that could lead to the cancellation of the award, and the subsequent redistribution of the land to other qualified beneficiaries. These include, among others, violations on the conditions, limitations, and qualifications of the pertinent agrarian reform laws. In such cases, cancellation must be undertaken in accordance with the governing laws and rules.

A direct attack pertains to "an action whose main objective is to annul, set aside, or enjoin the enforcement of a judgment pursuant to which a registration decree is issued, if the judgment has not yet been implemented, or if already implemented, to seek the recovery of the property."[70] In contrast, a collateral attack arises "when, in an action to obtain a different relief, an attack is incidentally made against the judgment."[71] The prohibition against collateral attacks safeguards the integrity and indefeasibility of land titles under the Torrens system.[72]

Here, it must be clarified that petitioners are holders of a certificate of title registered under the Torrens system. While respondents captioned their Petition as one for reallocation,[73] its substance reveals that they are challenging the transfer of the subject property to petitioners, alleging that it violated conditions of the original land award to petitioners' predecessors-in-interest. Such argument necessarily impugns the validity of the subsequent transfers and the issuance of titles in favor of petitioners and their predecessors-in-interest.

Likewise, the Petition necessarily includes the cancellation of a certificate of title registered under the Torrens system for the subject property to be subdivided and titled in favor of new beneficiaries. Petitioners' prayer explicitly seeks the subdivision and titling of the subject property, which presupposes the cancellation of petitioners' existing certificates of title:

> WHEREFORE, premises considered, it is respectfully prayed that after due process, the farm lots which Petitioners have been occupying and cultivating for the past fifteen years be reallocated to them in accordance with [sic] provisions of [Republic Act No.] 6657, as amended by [Republic Act No.] 9700, and that said estates be allowed to be subdivided and titled in their favor after payment of necessary fees therefor.[74]

In Garcia v. Esclito,[75] petitioners were holders of Torrens titles and respondents filed a petition for the annulment/declaration of nullity of deed of sale with DARAB on the ground that petitioners allegedly violated Section 6 of Republic Act No. 6657 on retention limits. This Court held that attacking "the deed of sale would be to effectively attack the certificates of title. Once the deed is nullified by the DARAB, the cancellation of the

certificates will logically follow, reducing the succeeding cancellation proceedings to a mere formality."[76] This Court explained:

> By giving due course to the appeal and therefore allowing a prohibited collateral attack, the DARAB gravely abused its discretion. Again, petitioners' certificates of title, being registered in the Torrens system, can only be attacked in an action expressly instituted for that purpose. It cannot be assailed even incidentally in an action mainly seeking a different relief, such as in respondents' petition to nullify the deed of sale.
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> . . . .
>
> Notably, respondents themselves appear to have realized the need to institute a direct attack for petitioners' Torrens certificates of title to be cancelled. In 2009, they filed a direct complaint for cancellation before the RTC of Lupon, Davao Oriental. Such would be a more appropriate forum to thresh out their arguments on the invalidity of the certificates resulting from the alleged defect of the deed of sale.
>
> In fine, the CA committed grave abuse of discretion in dismissing petitioners' certiorari action and thus effectively affirming the DARAB's Decision. Not only was it grave abuse for the DARAB to give due course to respondents' appeal, it was also beyond its jurisdiction to effectively declare them void.[77] (Citation omitted)

While the factual antecedents in Garcia are not entirely on all fours with the present case, the ruling of this Court in Garcia remains highly instructive in the resolution of the present case. In this case, the prior transfers to petitioners' predecessors-in-interest and the eventual sale of the subject property to petitioners· constitute the very chain of transactions that would be collaterally attacked if this Court were to uphold the jurisdiction of the DAR Regional Director and the DAR Secretary.

The patent nullity of the Order of the DAR Secretary is clear from its dispositive portion:

> WHEREFORE, premises considered, the Motion for Reconsideration is GRANTED. Thus, the assailed Order dated [March 6, 2018] is REVERSED. The Provincial Agrarian Reform Program Officer (PARPO) II is hereby ordered to:
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> - INITIATE proceedings for the cancellation of TCT No. 370629 registered in the name of Andresito Boiser, TCT No. 363864 registered in the name of Janette Peña, and other titles the issuance of which are found to be in contravention of Sec. 21 of [Republic Act No. 1400, Sec. 7 of [Republic Act No. 1162, and Sec. 27 of [Republic Act No. 6657[.][78] (Emphasis in the original)

The DAR Regional Director and the DAR Secretary erred in entertaining respondents' Petition for Reallocation. By ordering the initiation of proceedings for the cancellation of petitioners title, the DAR Secretary effectively authorized a collateral attack, an act beyond its jurisdiction. An undue expansion of the jurisdiction of DAR under the guise of liberally interpreting agrarian laws should not be permitted when Presidential Decree No. 1529 is clear and unequivocal: certificates of title may only be assailed through a direct proceeding. When the law is clear and free from any doubt or ambiguity, there is no room for construction or interpretation. The liberal interpretation of agrarian laws in favor of the grantee arises only when there is ambiguity. To hold otherwise would be to imperil the stability and indefeasibility of Torrens titles—an outcome the Torrens system was precisely designed to prevent.

Given that the titles derived from emancipation patents or the certificates of land ownership award are conferred with the same indefeasibility and security afforded to all Torrens titles, their validity may only be challenged through a direct proceeding.

The appellate procedure under Sections 33 and 34 of the DAR Administrative Order No. 03-03 clearly mandates

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the exhaustion of administrative remedies. However, when exceptions apply—such as when the administrative act is patently illegal due to lack of jurisdiction and when the issue is purely legal, thereby necessitating judicial resolution—the direct resort to the CA is justified. In this instance, respondents' Petition for Reallocation constituted a collateral attack on the validity of TCT No. 363864, which is expressly prohibited under Presidential Decree No. 1529. The DAR Secretary committed a fatal error when it proceeded to resolve the Petition for Reallocation in favor of respondents.

A petition for reallocation is fundamentally distinct from a petition for cancellation of an emancipation patent, certificate of land ownership award, or any other title issued under any agrarian reform program. Having failed to avail themselves of the proper remedy, respondents' petition for reallocation must necessarily be dismissed.

This Court is mindful of the vital role of farmers and the agricultural sector in the progress of the nation. Agrarian reform is firmly anchored on the constitutional mandate to promote social justice and to uplift the lives of those who till the soil. Nevertheless, recognition of this contribution, by itself, does not justify disregarding statutes and principles that govern the equitable and efficient administration of justice. In Heirs of Lorenzo Buensuceso v. Perez,[79] this Court underscored that "for a cancellation or forfeiture to take place, the proper procedures must be observed and a final judgment rendered declaring a cancellation or forfeiture."[80] While agrarian reform is rooted in social justice, it cannot override constitutional guarantees such as due process and the right to just compensation. There must be a balance between the rights of the farmers and the rights of the landowners.

Considering respondents' evident failure to avail the proper remedy to challenge the issuance of TCT No. 363864, there is no need to belabor the issue of whether respondents satisfactorily substantiated their claim of entitlement as cultivators of the land. What is decisive is that their chosen remedy was procedurally infirm. At any rate, it must be underscored that this Court's dismissal of respondents' petition for reallocation is without prejudice to the filing of the appropriate petition to assail the validity of the issuance of TCT No. 363864. Only through such a proceeding—expressly sanctioned by law—may the indefeasibility of a Torrens title be properly examined.

ACCORDINGLY, the Petition is GRANTED. The December 27, 2022 and the September 19, 2024 Resolutions of the Court of Appeals in CA-G.R. SP No. 176299 are REVERSED. The Petition for Reallocation instituted by Domingo Quiani, Sr. et al. is DISMISSED without prejudice to the filing of the appropriate petition to challenge the validity of the issuance of Transfer Certificate of Title No. 363864.

SO ORDERED.

Lazaro-Javier and Villanueva, JJ., concur.
Leonen, SAJ. (Chairperson), see dissenting opinion.
Kho, Jr.,[*] J., on leave but left concurring vote.

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[1] Also referred to as "Reynante Quaini" and "Reynante Quiaini" in some parts of the rollo.

[2] Also referred to as "Chirz Quiani" in some parts of the rollo.

[-] On leave, but left a Concurring vote.

[3] Also referred to as "Nemensio Canlas" in some parts of the rollo.

[4] Rollo, pp. 29-68.

[5] Id. at 213-214. Minute Resolution (CA-G.R. SP No. 176299), December 27, 2022; id. at 69-79. The September 19, 2024 Resolution in CA-G.R. SP No. 176299 was penned by Associate Justice Wilhelmina B.

Jorge-Wagan and concurred in by Associate Justices Pedro B. Corales and Carlito B. Calpatura of the Former Fifteenth Division, Court of Appeals, Manila.

[6] Id. at 78, 213.

[7] Id. at 154.

[8] Id.

[9] Id. at 39.

[10] Id. at 39, 127.

[11] Id.

[12] Id. at 229.

[13] Id. at 125-129.

[14] Id. at 130-140.

[15] Id. at 131.

[16] Id. at 132-134.

[17] Id. at 132-133.

[18] Id. at 134-138.

[19] Id. at 142-146. The January 14, 2011 Order in Docket No. A-0306-1004-10 was penned by Regional Director Teofilo Q. Inocencio of Regional Office III, Department of Agrarian Reform, San Fernando City, Pampanga.

[20] Id. at 145.

[21] Id. at 143.

[22] Id. at 144-145.

[23] Id. at 147-149. The March 6, 2018 Order in ADM Case No. A-9999-03-CLT-014-11 was penned by Secretary John R. Castriciones, Department of Agrarian Reform, Quezon City.

[24] Id. at 148.

[25] Id. at 152-160. The February 12, 2020 Order in ADM Case No. A-9999-03-CLT-014-11 was penned by Secretary John R. Castriciones, Department of Agrarian Reform, Quezon City.

[26] Id. at 158.

[27] Id. at 127.

[28] Id. at 155.

[29] Id.

[30] Id. at 156-157.

[31] Id. at 163-176.

[32] Id. at 177-183. The September 29, 2022 Order in ADM. Case No. A-9999-03-CLT-014-11 was penned by

Secretary Conrado M. Estrella III, Department of Agrarian Reform, Quezon City.

[33] Id. at 186-212.

[34] Id. at 213-214.

[35] Id. at 213.

[36] Id. at 12-22.

[37] Id. at 16.

[38] Id. at 17-20.

[39] Id. at 39-41.

[40] Id. at 41-42.

[41] Id. at 42-49.

[42] Id. 49-56.

[43] Id. at 56-57.

[44] Id. at 254-271.

[45] Id. at 263.

[46] Id. at 264-266.

[47] Id. at 279-307.

[48] Id. at 283-287, 295-302.

[49] Id. at 288-290.

[50] Id. at 290-293.

[51] National Electrification Administration v. Villanueva, 628 Phil. 561, 569 (2010) [Per J. Peralta, Third Division].

[52] Manubay v. Sec. Garilao, 603 Phil. 135, 140 (2009) [Per J. Corona, First Division].

[53] DAR Administrative Order No. 03-17, sec. 38 states:

> SECTION 38. Repealing Clause. — This Order modifies or repeals DAR-AO-3-2003 and all other issuances or portions thereof that are inconsistent herewith.

[54] DAR Administrative Order No. 03-17, sec. 35 states:

> SECTION 35. Transitory. — The provisions of this AO shall be applicable to all cases filed, on or after its effectivity.

[55] Rollo, pp. 119-140.

[56] DAR Administrative Order No. 03-03, sec. 33.

[57] DAR Administrative Order No. 03-03, sec. 34.

[58] Republic v. Lacap, 546 Phil. 87, 97 (2007) [Per J. Austria-Martinez, Third Division].

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[59] Id.

[60] Id. at 97-98.

[61] Rollo, p. 128.

[62] Id. at 216-219.

[63] Id. at 51, 220-223.

[64] Id. at 51.

[65] Id. at 224-227.

[66] Id. at 232-237.

[67] Id. at 228-231.

[68] Id. at 236.

[69] Cagatao v. Almonte, 719 Phil. 241, 253 (2013) [Per J. Mendoza, Third Division].

[70] Garcia v. Esclito, 921 Phil. 284, 291 (2022) [Per J. Hernando, Second Division].

[71] Id.

[72] Id.

[73] Rollo, p. 125.

[74] Id at 128.

[75] 921 Phil. 284 (2022) [Per J. Hernando, Second Division].

[76] Id. at 294.

[77] Id. at 294-296.

[78] Rollo, p. 158.

[79] 705 Phil. 460 (2013) [Per J. Brion, Second Division].

[80] Id. at 477.

DISSENTING OPINION
LEONEN, SAJ.:

The ponencia reverses the Resolutions of the Court of Appeals,[1] which affirmed the February 12, 2020 Order[2] of the Department of Agrarian Reform (DAR) allowing the reallocation of Transfer Certificate of Title (TCT) No. 363834 (subject property).

The ponencia holds that the doctrine of exhaustion of administrative remedies does not apply since DAR supposedly exceeded its jurisdiction in allowing what petitioners characterize as a prohibited collateral attack on their Torrens title. It also gives weight to the inscription stating that the property was not covered by any agrarian reform program and that no leasehold agreement was entered into.[3] Since petitioners acquired the subject property through sale, the ponencia concludes that DAR gravely erred in taking cognizance of respondents' Petition for Reallocation, as this supposedly constitutes a collateral attack on petitioners' Torrens title.[4]

I respectfully disagree.

I submit that neither the mode by which petitioners acquired the subject property nor its previous distribution under an earlier agrarian reform program removed it from the coverage of the Comprehensive Agrarian Reform Program under Republic Act No. 6657, as amended. The Torrens system and the doctrine of indefeasibility of such title only safeguard the integrity of registered ownership for purposes of commercial sale. However, the public interest served by the stability of commercial dealings in real property cannot outweigh the constitutional purpose of agrarian reform programs—to achieve social justice by recognizing the property rights of farmers who actually till or cultivate the land.

Respondents allege that they have been cultivating the subject property and paying rentals to the administrators of the Cruz and Sioson Estates[5] for at least 15 years before the Petition for Reallocation was filed.[6] They maintain that these estates remain subject to reallocation under Republic Act No. 6657 because the previous farmer beneficiaries illegally sold the subject property, among others, to their predecessors-in-interest, who later transferred the lands to their relatives.[7]

Petitioners, meanwhile, admit that the subject property formed part of the landed estates previously acquired under Republic Act No. 1162 and distributed to qualified beneficiaries pursuant to Republic Act No. 1400 or the Land Reform Act of 1955.[8] They nevertheless insist that the property can no longer be reallocated.[9] They also argue that respondents failed to establish the existence of a tenancy relationship and invoke the indefeasibility of their Torrens title.[10]

As I will discuss below, the parties' respective arguments reveal that this case involves agrarian law implementation, a matter falling squarely within the jurisdiction of DAR. Moreover, a review of the facts of the case sufficiently establishes the existence of an agricultural leasehold relationship, entitling respondents to security of tenure over the subject property.

I

The ponencia agrees with petitioners' contention that, because the subject property had already been distributed under a prior agrarian reform program, it can no longer be reallocated.[11] Emphasizing the character of a Torrens title, the ponencia holds that petitioners' title is indefeasible to collateral attack.[12] Since the Petition for Reallocation, in essence, would ultimately result in the cancellation of petitioners' Torrens title and· that of their predecessors-in-interest, the ponencia concludes that such relief cannot be allowed.[13]

With due respect, I disagree.

Agrarian reform programs enacted under different administrations should not be viewed in isolation. Nothing in our agrarian laws support the conclusion that once land has been distributed under an earlier agrarian reform program, it can no longer be redistributed under a different one. On the contrary, where farmer beneficiaries violate the conditions governing the award of agricultural lands, any prohibited conveyance is void, and the landholding may be reallocated to other qualified beneficiaries.[14] This gives life to the constitutional mandate of promoting comprehensive. rural development and agrarian reform by ensuring that ownership belongs to those who actually till or cultivate the land.[15]

The doctrine of indefeasibility of Torrens titles to collateral attack is well settled.[16] The Torrens system was adopted to preserve the integrity of registered land titles by enabling buyers to rely on the validity of the predecessor's interest:

> The Torrens system was adopted in this country because it was believed to be the most effective measure to guarantee the integrity of land titles and to protect their indefeasibility once the claim of ownership is

> established and recognized. If a person purchases a piece of land on the assurance that the seller's title thereto is valid, he [or she] should not run the risk of being told later that his acquisition was ineffectual after all. This would not only be unfair to him [or her]. What is worse is that if this were permitted, public confidence in the system would be eroded and land transactions would have to be attended by complicated and not necessarily conclusive investigations and proof of ownership. The further consequence would be that land conflicts could be even more numerous and complex than they are now and possibly also more abrasive if not even violent. The government, recognizing the worthy purposes of the Torrens system, should be the first to accept the validity of titles issued thereunder once the conditions laid down by the law are satisfied.[17] (Emphasis supplied)

The Torrens system was adopted to "quiet title to land" and "to put a stop forever to any question of the legality of the title, except claims which were noted at the time of registration."[18] It seeks to put an end to litigation over ownership and ensure stability in land transactions which, in tum, affects the stability of the country's economy.[19]

In other words, the purpose of indefeasibility of Torrens titles is to ensure the commercial viability of land assets in the market by allowing buyers to rely on the "integrity and conclusiveness of the certificate of registration."[20] Nevertheless, it is equally settled that indefeasibility cannot be invoked to deny lawful owners of their title in favor of those who acquired the land through fraud or any other means not allowed by law.[21]

The Torrens system is a measure of ensuring property rights, but so is agrarian reform, whose purpose is to recognize the property rights of farmers, as a measure of social justice and human rights.[22] Thus, the Torrens system, as a rule of convenience for commercial transactions, should not defeat the purpose of agrarian reform programs—to ensure that farmers have a chance of owning the lands they actually till or cultivate.

Among the goals of our national economy is the more equitable distribution of resources, especially in favor of the underprivileged.[23] Heirs of Nuñez v. Heirs of Villanoza[24] traced the historical abuses committed by colonizers and wealthy landlords that gave rise to the peasant uprisings and ultimately compelled the government to introduce various agrarian reform programs. These agrarian reform measures generally progressed through three stages: (1) share tenancy system under Republic Act No. 1199; (2) agricultural leasehold system; and (3) compulsory land acquisition through Presidential Decree No. 27 and Republic Act No. 6657, as amended.[25]

Republic Act No. 6657, as amended, or the Comprehensive Agrarian Reform Law, has been described as "the most radical and revolutionary exercise of police power of the State."[26] This is apparent in the law's declaration of policy, which accords the highest consideration to the welfare of landless farmers.[27] It also recognizes the social function of land by requiring landowners to cultivate the lands they own and by emphasizing that ownership carries with it a corresponding social responsibility.[28] In Perez-Rosario v. Court of Appeals:[29]

> It is an established social and economic fact that the escalation of poverty is the driving force behind the political disturbances that have in the past compromised the peace and security of the people as well as the continuity of the national order. To subdue these acute disturbances, the legislature over the course of the history of the nation passed a series of laws calculated to accelerate agrarian reform, ultimately to raise the material standards of living and eliminate discontent. Agrarian reform is a perceived solution to social instability. The edicts of social justice found in the Constitution and the public policies that underwrite them, the extraordinary national experience, and the prevailing national consciousness, all command the great departments of government to tilt the balance in favor of the poor and underprivileged whenever reasonable doubt arises in the interpretation of the law. But annexed to the great and sacred charge of protecting the weak is the diametric function to put every effort to arrive at an equitable solution for all parties concerned: the jural postulates of social justice cannot shield illegal acts, nor do they sanction false sympathy towards a certain class, nor yet should they deny justice to the landowner whenever truth and justice happen to be on her side. In

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> the occupation of the legal questions in all agrarian disputes whose outcomes can significantly affect societal harmony, the considerations of social advantage must be weighed, an inquiry into the prevailing social interests is necessary in the adjustment of conflicting demands and expectations of the people, and the social interdependence of these interests, recognized.[30] (Emphasis supplied, citations omitted)

To uphold the dignity of farmers who till the lands and whose livelihood sustains and nourishes the nation, this Court must recognize that the current framework of the Comprehensive Agrarian Reform Law is not detached from the agrarian reform programs that preceded it. The inclusion of landholdings in earlier agrarian reform programs does not exempt such lands from the coverage of the Comprehensive Agrarian Reform Law.

This is evident in Section 27 of Republic Act No. 6657, as amended, which imposes conditions on the transfer of awarded lands not only under the Comprehensive Agrarian Reform Program, but also other agrarian reform laws:

> SECTION 27. Transferability of Awarded Lands. — Lands acquired by beneficiaries under this Act or other agrarian reform laws shall not he sold, transferred or conveyed except through hereditary succession, or to the government, or to the [Land Bank of the Philippines], or to other qualified beneficiaries through the DAR for a period of ten (10) years: Provided, however, That the children or the spouse of the transferor shall have a right to repurchase the land from the government or [Land Bank of the Philippines] within a period of two (2) years. Due notice of the availability of the land shall be given by the [Land Bank of the Philippines] to the [Barangay Agrarian Reform Committee] of the barangay where the land is situated. The [Provincial Agrarian Reform Coordinating Committee], as herein provided, shall, in turn, be given due notice thereof by the [Barangay Agrarian Reform Committee].
>
> The title of the land awarded under the agrarian reform must indicate that it is an emancipation patent or a certificate of land ownership award and the subsequent transfer title must also indicate that it is an emancipation patent or a certificate of land ownership award.
>
> If the land has not yet been fully paid by the beneficiary, the rights to the land may be transferred or conveyed, with prior approval of the DAR, to any heir of the beneficiary or to any other beneficiary who, as a condition for such transfer or conveyance, shall cultivate. the land himself/herself. Failing compliance herewith, the land shall be transferred to the [Land Bank of the Philippines] which shall give due notice of the availability of the land in the manner specified in the immediately preceding paragraph.
>
> In the event of such transfer to the [Land Bank of the Philippines], the latter shall compensate the beneficiary in one lump sum for the amounts the latter has already paid, together with the value of improvements he/she has made on the land.[31] (Emphasis supplied)

Given the importance of agrarian reform, and the inclusion of prior agrarian reform programs in the Comprehensive Agrarian Reform Law, as amended, there is simply no basis for petitioners' claim that once a landholding has been distributed under a different agrarian reform program, it can no longer be distributed under Republic Act No. 6657, as amended. As aptly explained by the DAR Secretary:

> The current Comprehensive Agrarian Reform Program (CARP) is not limited to R.A. No. 6657 as amended by R.A. No. 9700. The agrarian reform program implementation includes any and all agrarian reform laws which are faithful to the constitutional provision that the State shall, by law, undertake an agrarian reform program founded on the right of farmers and regular farmworkers, who are landless, to own directly or collectively the lands they till or, in the case of other farmworkers, to receive a just share of the fruits thereof.
>
> Program implementation requires compliance with as a set of well-defined legal objectives, and the primary objective of CARP is to distribute the awarded land. And equally important is the transfer of the awarded land to the proper recipients under agrarian reform laws.[32] (Emphasis supplied)

This is especially true when there is evidence that previous awardees violated the conditions of the award and the

subsequent buyer of the property is not an innocent purchaser for value.

Leong v. See[33] defined an innocent purchaser for value as someone who "buys the property of another without notice that some other person has a right to or interest in it, and who pays a full and fair price at the time of the purchase or before receiving any notice of another person's claim."[34] The party invoking the status of an innocent purchaser for value bears the burden of proving such status.[35] This protection is derived from the doctrine of indefeasibility of titles:

> The protection of innocent purchasers in good faith for value grounds on the social interest embedded in the legal concept granting indefeasibility of titles. Between the third party and the owner, the latter would be more familiar with the history and status of the titled property. Consequently, an owner would incur less costs to discover alleged invalidities relating to the property compared to a third party. Such costs are, thus, better borne by the owner to mitigate costs for the economy, lessen delays in transactions, and achieve a less optimal welfare level for the entire society.[36] (Emphasis supplied, citation omitted)

To prove a buyer's good faith, they must not only show that the seller is the registered owner of the property and is in possession of it. They must also prove that "at the time of the sale, the buyer was not aware of any claim or interest of some other person in the property, or of any defect or restriction in the title of the seller or in his [or her] capacity to convey title to the property."[37] Absent such proof, the law imposes upon the buyer a higher degree of care:

> Absent one or two of the foregoing conditions, then the law itself puts the buyer on notice and obliges the latter to exercise a higher degree of diligence by scrutinizing the certificate of title and examining all factual circumstances in order to determine the seller's title and capacity to transfer any interest in the property. Under such circumstance, it is no longer sufficient for said buyer to merely show that he relied on the face of the title; he [or she] must now also show that he exercised reasonable precaution by inquiring beyond the title. Failure to exercise such degree of precaution makes him a buyer in bad faith.[38] (Emphasis supplied, citations omitted)

Presidential Decree No. 1529 or the Property Registration Decree recognizes exceptions to the rule that an innocent purchaser for value may rely on a certificate of title. There are instances when certain statutory liens bind the property despite their non-annotation in the title.[39] These include the limitations on the disposition or use of property imposed by any agrarian laws or regulations:

> SECTION 44. Statutory Liens Affecting Title. — Every registered owner receiving a certificate of title in pursuance of a decree of registration, and every subsequent purchaser of registered land taking a certificate of title for value and in good faith, shall hold the same free from all encumbrances except those noted in said certificate and any of the following encumbrances which may be subsisting, namely:
>
> . . . .
> Fourth. Any disposition of the property or limitation on the use thereof by virtue of, or pursuant to, Presidential Decree No. 27 or any other law or regulations on agrarian reform.[40] (Emphasis supplied).

Thus, under the Property Registration Decree, the indefeasibility of a Torrens title remains subject to the limitations imposed by agrarian laws and regulations. The doctrine of indefeasibility of title must therefore yield to the paramount public interest underlying agrarian reform.

In this case, an examination of TCT No. 162489, the preceding title of the subject property, shows that the property is agricultural in nature.[41] Conrado C. Genito, petitioners' predecessor-in-interest, executed an Affidavit of Non-Tenancy and secured a DAR Investigation Report stating that the property was neither tenanted nor covered by Presidential Decree No. 27 or Republic Act No. 6657.[42]

An Affidavit of Non-Tenancy is a documentary requirement for the sale of a private agricultural land:

> SECTION 106. Sale of Agricultural Land; Affidavit. — No voluntary deed or instrument purporting to be a subdivision, mortgage, lease, sale or any other mode of encumbrance or conveyance of private agricultural land principally devoted to rice or corn or any portion thereof shall be registered unless accompanied by an affidavit of the vendor or executor stating that the land involved is not tenanted, or if tenanted, the same is not primarily devoted to the production of rice and/or corn.
>
> If only a portion of the land is primarily devoted to the production of rice and/or corn, and such area so devoted is tenanted, no such deed or instrument shall be registered unless accompanied by an affidavit stating the area (size) of the portion which is tenanted and primarily devoted to rice and/or corn, and stating further that the deed or instrument covers only the untenanted portion or that which is not primarily devoted to the production of rice and/or corn. A memorandum of said affidavit shall be annotated on the certificate of title. The Register of Deeds shall cause a copy of the registered deed or instrument, together with the affidavit, to be furnished the Department of Agrarian Reform Regional Office where the land is located. The affidavit provided in this section shall not be required in the case of a tenant-farmer who deals with his [or her] Certificate of Land Transfer or Emancipation Patent in accordance with law.[43] (Emphasis supplied)

Further, the contents of a public document constitutes only prima facie evidence and remain subject to rebuttal.[44] Thus, in Spouses Cuaño v. Court of Appeals,[45] such annotation only serves as notice of the existence of the certification. It has no effect on the validity of the annotation. The Court further explained:

> Thirdly, a certificate of title is, in general, conclusive evidence only of the ownership of the land described therein and as to the matters which were actually contested and determined, or could have litigated and decided, in the land registration proceeding. A land registration court cannot adjudicate the existence or non-existence of a tenancy relationship since exclusive jurisdiction over such relationship was vested in the Court of Agrarian Relations and later in the Regional Trial Court.[46] (Citations omitted)

Here, it is undisputed that the subject property is agricultural land. The annotations pertaining to the Affidavit of Non-Tenancy and the DAR Investigation Report should have alerted petitioners to the possibility that the property was the subject of an agrarian dispute. They should have gone beyond the inscriptions of the property and exerted greater diligence by verifying whether agricultural tenants were in fact cultivating the property. In failing to prove that they exercised the degree of caution required in buying a private agricultural land, petitioners cannot be considered buyers in good faith and are therefore not entitled to the benefits afforded by the doctrine of indefeasibility of title.

Accordingly, I submit that the doctrine of indefeasibility of title does not apply in this case. In any event, the subject property remains subject to the limitations on the disposition and use of agricultural property imposed by any agrarian law or regulation pursuant to the Property Registration Decree.

II

Agricultural tenancy exists when there is an agreement to give the physical possession of an agricultural land to another for cultivation and production, in consideration of either a share in the harvest or the payment of a certain price.[47] This may take the form of either share tenancy or leasehold tenancy:

> SECTION 4. Systems of Agricultural Tenancy; Their Definitions. — Agricultural tenancy is classified into leasehold tenancy and share tenancy.
>
> Share tenancy exists whenever two persons agree on a joint undertaking for agricultural production wherein one party furnishes the land and the other his labor, with either or both contributing any one or several of the items of production, the tenant cultivating the land personally with the aid of labor available from members of his immediate farm household, and the produce thereof to be divided between the landholder and the tenant in

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proportion to their respective contributions.

Leasehold tenancy exists when a person who, either personally or with the aid of labor available from members of his immediate farm household, undertakes to cultivate a piece of agricultural land susceptible of cultivation by a single person together with members of his immediate farm household, belonging to or legally possessed by, another in consideration of a price certain or ascertainable to be paid by the person cultivating the land either in percentage of the production or in a fixed amount in money, or in both.[48]

Share tenancy was abolished in 1963 under Republic Act No. 3844 for being contrary to public policy.[49] Since then, leasehold tenancy has been the only permitted system of agricultural tenancy.[50] Consequently, in 1971, all existing share tenancy agreements were automatically converted into agricultural leasehold relationships.[51] This conversion was established by operation of law.[52]

For an agricultural leasehold tenancy to exist, all the following elements must be present:

- That the land worked by the tenant is an agricultural land;

- That the land is susceptible of cultivation by a single person together with members of his immediate farm household;

- That the land must be cultivated by the tenant either personally or with the aid of labor available from members of his immediate farm household;

- That the land belongs to another; and

- That the use of the land by the tenant is for a consideration of a fixed amount in money or in produce or in both.[53]

In addition, an agricultural leasehold relationship is not extinguished by the death or permanent incapacity of the lessee.[54] In the case of the lessor, their death or permanent incapacity binds their heirs.[55] More importantly, neither the mere expiration of the term of the lease nor the transfer of ownership of the agricultural land extinguishes the leasehold relationship.[56]

A review of the records shows clear evidence establishing the existence of an agricultural leasehold relationship between the administrators of the Cruz and Sioson Estate, previously known as the Valdez Estate, and respondents. The DAR Secretary found that the following facts had been established, which the DAR Regional Director failed to appreciate:

- The Petitioners-Appellants have been occupying and cultivating their respective lands since 1990 or for more than fifteen (15) years.

- They have been giving lease rentals to the administrators of the estates regularly.

- Some of the awardees violated agrarian laws by selling their awarded area to petitioners, landowners, several individuals.

- The administrator of subject land, a certain Mr. Soc Palma, the National Irrigation Administration (NIA), and the City Agriculturist have made certifications to this effect.

- A court had declared that the petitioners were in prior possession of the subject land, which possession was disturbed by the Oppositors-Appellants.

- The [Provincial Agrarian Reform Coordinating Committee] certified that the Petitioners-Appellants have long been in peaceful occupancy of the subject property, and declared that Petitioners-Appellants are landless farmers who have been openly, continuously, exclusively, and notoriously cultivating their respective tillage

> under pertinent provisions of R.A. No. 6657.
>
> - Lastly, the [Barangay Agrarian Reform Committee] attested that the Petitioners-Appellants had been regularly giving lease rentals to the estate's administrator from the time they started tilling lands.[57] (Emphasis supplied)

Based on these findings, the DAR Secretary concluded that all the elements of an agrarian leasehold relationship exist between the administrators of the estate and respondents. It is undisputed that the property is agricultural land and respondents have continuously cultivated it since 1990.

The DAR Secretary's conclusion is neither speculative nor devoid of factual or legal basis.

The DAR Secretary's conclusion was based on the "equally-relevant documents attached to the Petition."[58] The DAR Secretary did not give credence to the "self-serving allegations" of herein petitioners and instead relied on the "public documents submitted by [therein] petitioners-appellants."[59] Curiously, however, while petitioners attached both the Petition for Reallocation[60] and the Amended Petition to their Petition before this Court,[61] neither pleading included the annexes referred to therein. Thus, the records transmitted to this Court appear to be incomplete, leaving no documentary basis supporting the factual findings of the DAR Secretary.

However, a perusal of the Amended Petition reveals that therein petitioners attached public documents, such as the Barangay Agrarian Reform Committee Certifications stating that respondents had "been paying lease rentals to the Administrators of the estates from the time they started tilling the lands up to the time their respective tillage were distributed to them."[62] The Petition likewise attached a Provincial Agrarian Reform Coordinating Committee Certification, which "attests to the qualification of [therein] petitioners to benefit from the agrarian reform program of the government by. virtue of said [Republic Act No.] 6657, as amended by [Republic Act No.] 9700."[63]

Petitioner's failure to submit a complete copy of the Amended Petition for Reallocation should not prejudice the farmer beneficiaries. Rule 131, Section 3 (e) of the Revised Rules on Evidence recognizes the disputable presumption "[t]hat evidence willfully suppressed would be adverse if produced[.]"

While the identity of the true owner of the property is disputed, it is undisputed that the property is owned by another. The DAR Regional Director found that the subject property formed part of the Valdez Estate and that there was no official record showing that it had become part of the Cruz and Sioson Estates.[64] Nevertheless, the DAR Regional Director also found that this agricultural estate had been distributed to farmer beneficiaries under Republic Act No. 1400, and that the original awardees of the subject property had waived and sold their rights to a certain Teresita Cruz.[65] Significantly, it bears noting that even petitioners, as oppositors in the reallocation proceedings, admitted that the subject property was part of the Cruz and Sioson Estates.[66]

Moreover, in Spouses Franco v. Spouses Galera,[67] an express agreement establishing an agricultural tenancy is not necessary, as such relationship may be implied from the conduct of the parties.[68] Here, the administrators' acceptance of lease rentals sufficiently demonstrates their consent to establish an agricultural leasehold relationship with respondents. Other than bare denial,[69] petitioners failed to contradict the DAR Secretary's finding and appreciation of evidence showing that respondents had consistently paid lease rentals to cultivate the subject property.[70]

Given these circumstances, it is clear that an agrarian leasehold relationship exists over the subject property. Respondents, as cultivators of the agricultural land, have acquired security of tenure over the subject property by operation of law.

Even if the subject property was transferred multiple times, it does not affect the rights of agricultural lessees.[71]

Although petitioners are not the original agricultural lessors, they are bound by the agricultural lessor's rights and obligations as provided under Section 10 of Republic Act No. 3844:

> SECTION 10. Agricultural Leasehold Relation Not Extinguished by Expiration of Period, etc. — The agricultural leasehold relation under this Code shall not be extinguished by mere expiration of the term or period in a leasehold contract nor by the sale, alienation or transfer of the legal possession of the landholding. In case the agricultural lessor sells, alienates or transfers the legal possession of the landholding, the purchaser or transferee thereof shall be subrogated to the rights and substituted to the obligations of the agricultural lessor. (Emphasis supplied)

Given the factual findings of the DAR Secretary establishing the existence of an agricultural leasehold relationship over the subject property, I submit that such findings deserve great weight and respect. As a rule, this Court generally defers to the factual findings of the administrative agencies in recognition of their expertise in matters falling within their specialized competence.[72]

III

Finally, as regards respondents' entitlement to the reallocation of the subject property, I submit that their Petition must be granted.

Republic Act No. 6657, as amended, accords priority to agricultural lessees, share tenants, and regular farmworkers as qualified agrarian reform beneficiaries.[73] Section 22 also provides that among the basic qualifications are their "willingness, aptitude, and ability to cultivate and make the land as productive as possible."[74] Moreover, it expressly provides that "[i]n all cases, the security of tenure of the farmers or farmworkers on the land prior to the approval of this Act shall be respected."[75] Thus, landless farmers and farmworkers may be resettled in the State's agricultural estates.[76]

Manuel v. Department of Agrarian Reform Adjudication Board[77] recognized DAR's power to select a substitute beneficiaries and reallocate the land previously awarded under agrarian reform laws:

> Inherent in the power of DAR to undertake land distribution for agrarian reform purposes is its authority to identify qualified agrarian reform beneficiaries. Corollary to it is also the authority of DAR to select a substitute to a previously designated beneficiary who may have surrendered or abandoned his claim, and to reallocate the land awarded to the latter in favor of the former. For this purpose, DAR is governed by the requirements and procedure set forth in DAR Memorandum Circular (MC) No. 4, series of 1983, in relation to Ministry of Agrarian Reform Circular No. 8-80, specifically: 1) that the waiver/surrender be made in favor of the government such as through the SN; 2) that the SN recommend other qualified beneficiaries; and 3) that, based on an investigation or hearing, an order or decision be rendered declaring the disqualification and removal of the abandoning/surrendering beneficiary. Under paragraph V of MC No. 4, such selection/reallocation order issued by DAR becomes final and executory upon the lapse of 30 days from receipt thereof by the beneficiaries and/or parties-in-interest.
>
> In Department of Agrarian Reform v. Department of Education, Culture and Sports, we held that the administrative prerogative of DAR to identify and select agrarian reform beneficiaries holds sway upon the courts:
>
> In the case at bar, the [Barangay Agrarian Reform Committee] certified that herein farmers were potential CARP beneficiaries of the subject properties. Further, on November 23, 1994, the Secretary of Agrarian Reform through the Municipal Agrarian Reform Office (MARO) issued a Notice of Coverage placing the subject properties under CARP. Since the identification and selection of CARP. beneficiaries are matters involving strictly the administrative implementation of the CARP, it behooves the courts to exercise great caution in substituting its own determination of the issue, unless there is grave abuse of discretion committed by the administrative agency.[78] (Emphasis supplied, citations omitted)

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To recall, the original awardees acquired the subject property. under Republic Act No. 1400 or the Land Reform Act of 1955.[79] Under Section 21, reselling of agrarian lots awarded under this program requires the prior approval of the Land Tenure Administration (LTA). Moreover, any transfer must be made "only to qualified farmers or tenants or to government banking institutions or agencies."[80]

The LTA issued Administrative Order No. 02-56, which provides the rules and regulations governing the acquisition and disposition of private agricultural lands.[81] The regulations allow bona-fide tenants to transfer their leasehold rights subject to a number of conditions: first, the transferee must be qualified to acquire and own the land in the country and must personally cultivate or occupy the lot; second, there must be prior written consent of the chairman of the LTA; third, the bona fide tenant should not be delinquent in the payment of rentals; and finally, the transferor should actually occupy the lot.[82] Violating these requirements renders the transfer void, cancels the agreement, and results in the reversion of the awarded land to the State. Section 21 of the Administrative Order reads in part:

> ... Any transfer, assignment, alienation or encum6rance made without the approval of the Chairman of the Land Tenure Administration, as herein provided, is null and void and shall be sufficient ground for the Chairman of the Land Tenure Administration to cancel the agreement to sell executed in favor of the transferor or assignor, and to order the reversion of the lot covered thereby and the forfeiture of all payments made on account thereof to the government. Said payments shall be considered as rentals for the occupation of said lot by the transferor and as payment for. administration expenses.[83] (Emphasis supplied)

Here, the DAR Secretary found that the original beneficiaries violated the conditions of their awards by selling them to petitioners and other individuals. This finding was supported by the testimonies of several witnesses, including the administrator of the subject land, the National Irrigation Administration, and the city agriculturist.[84] Accordingly, the transfers made in violation of Republic Act No. 1400 are void. The DAR Secretary therefore correctly initiated the proceedings to cancel the corresponding titles and reallocate the subject property to qualified farmer beneficiaries.[85]

Finally, petitioners assail DAR's jurisdiction, arguing that jurisdiction belongs to the Department of Agrarian Reform Adjudication Board (DARAB) because the case allegedly involves the dispossession of tenants.[86]

Again, this contention is unconvincing.

Proceedings for reallocation is a process of selection of new agrarian reform beneficiaries and their installation on the agricultural land, following the finality of the decision in an agrarian law implementation case.[87] Such proceedings fall squarely within the DAR's "exclusive original jurisdiction over all matters involving the implementation of agrarian reform."[88] Consistent with this mandate, this Court has repeatedly recognized DAR's authority to resolve petitions for reallocations.[89]

Moreover, the 2003 DARAB Rules of Procedure excludes agrarian law implementation cases from its jurisdiction, such as the "[c]lassification, identification, inclusion, exclusion, qualification, or disqualification of potential/actual farmer-beneficiaries."[90] Likewise, the allegations in the Petition for Reallocation involve a "[c]onflict of claims in landed estates administered by DAR and its predecessors."[91]

As a final note, despite successive agrarian reform programs and the express directive of the 1987 Constitution, the pursuit of genuine agrarian reform remains unfinished.

The Philippine Statistics Authority recently released its 2022 census, finding that out of the total agricultural population of 19.68 million individuals, only 4.30 million or 21.8% own or have secure rights on their agricultural lands.[92] In Region IV-B, while the number of farms are increasing, it found that the average farm size has

declined by 53.4% over the span of 10 years.[93]

Farming remains among the most difficult and uncertain enterprises in the country. It requires backbreaking labor and risky investment, yet continues to suffer from poor infrastructure and limited government support. Despite these devastating conditions, farmers and farmworkers continue to sustain the nation's food security while awaiting the fulfillment of the Constitution's promise that those who till the land shall one day own it.

I submit that this Court should not only help realize the conditions necessary to finally achieve social justice for our farmers, but more importantly, uphold their dignity and their right to develop through ownership of the land they cultivate.

ACCORDINGLY, I vote to DENY the Petition for Review.

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[1] Rollo, pp. 213-314, 69-79. The December 27, 2022 Resolution and September 19, 2024 Resolution were penned by Associate Justice Wilhelmina B. Jorge-Wagan and concurred in by Associate Justices Pedro B. Corales and Carlito B. Calpatura of the Former Fifteenth Division, Court of Appeals, Manila.

[2] Id. at 152-160. The February 12, 2020 Order in ADM Case No. A-9999-03-CLT-014-11 was penned by DAR Secretary John R. Castriciones.

[3] Id. at 11.

[4] Id.

[5] Formerly known as the Valdez Estate; see Rollo, p. 153.

[6] Rollo, p. 126.

[7] Id. at 127.

[8] Id. at 132.

[9] Id. at 34.

[10] Id. at 34-35.

[11] Ponencia, p. 12.

[12] Id.

[13] Id. at 11-12.

[14] Manuel v. Department of Agrarian Reform Adjudication Board, 555 Phil. 28, 36-37 (2007) [Per J. Austria-Martinez, Third Division].

[15] CONST. (1987), art. II, sec. 21.

[16] PRESIDENTIAL DECREE No. 1529, sec. 48.

[17] Spouses Peralta v. Heirs of Abalon, 737 Phil. 310, 323 (2014) [Per C.J. Sereno, First Division].

[18] Legarda v. Saleeby, 31 Phil. 590, 593 (1915) [Per J. Johnson, First Division].

[19] Heirs of Mariano v. Court of Appeals, 372 Phil. 47, 54 (1999) [Per J. Bellosillo, Second Division].

[20] Spouses Peralta v. Heirs of Abalon, 737 Phil. 310, 324 (2014) [Per C.J. Sereno, First Division].

[21] Id., citing Heirs of Doronio v. Heirs of Doronio, 565 Phil. 766, 792 (2007) [Per J. Reyes R.T., Third Division].

[22] CONST. (1987), art. XIII, secs. 4-6.

[23] CONST. (1987), art. XII, sec. 1.

[24] 809 Phil. 965 (2017) [Per J. Leonen, Second Division].

[25] Heirs of Nuñez v. Heirs of Villanoza, 809 Phil. 965, 989-998 (2017) [Per J. Leonen, Second Division].

[26] Bitanagan Farmers Agrarian Reform Beneficiaries Association v. Hacienda Bitanagan, 928 Phil. 108, 142 (2022) [Per SAJ. Leonen, Second Division].

[27] Republic Act No. 6657, sec. 2.

[28] Republic Act No. 6657, sec. 2.

[29] 526 Phil. 562 (2006) [Per J. Austria-Martinez, First Division].

[30] Id. at 585-586.

[31] Republic Act No. 9700, sec. 12.

[32] Department of Agrarian Reform Order dated February 12, 2020, p. 6.

[33] 749 Phil. 314 (2014) [Per J. Leonen, Second Division].

[34] Id. at 324-325, citing Sps. Villamil v. Villarosa, 602 Phil. 932, 941 (2009) [Per J. Tinga, Second Division], citing further Sps. Domingo v. Reed, 513 Phil. 339, 353 (2005) [Per J. Panganiban, Third Division].

[35] Id.

[36] Leong v. See, 749 Phil. 314, 325 (2014) [Per J. Leonen, Second Division], citing Oliver E. Williamson, Transaction-Cost Economics: The Governance of Contractual Relations, 22 JOURNAL OF LAW AND ECONOMICS 233, 239-242 (1979).

[37] Spouses Bautista v. Silva, 533 Phil. 627, 639 (2006) [Per J. Austria Martinez, First Division].

[38] Id. at 639-640.

[39] Philippine National Bank v. Intermediate Appellate Court, 257 Phil. 748, 751 (1989) [Per J. Gutierrez, Third Division].

[40] PRESIDENTIAL DECREE No. 1529, sec. 44.

[41] Petition, Annex Q Series, p. 4.

[42] Id. at 4-5.

[43] Presidential Decree No. 1529, sec. 106.

[44] REVISED RULES ON EVIDENCE, Rule 132, sec. 23.

[45] 307 Phil. 128 (1994) [Per J. Feliciano, Third Division].

[46] Spouses Cuaño v. Court of Appeals, 307 Phil. 128, 147 (1994) [Per J. Feliciano, Third Division].

[47] Republic Act No. 1199, sec. 3.

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[48] Republic Act No. 1199, sec. 4.

[49] Republic Act No. 3844, sec. 4, as amended by Republic Act No. 6389.

[50] Jusayan v. Sumbilla, 751 Phil. 109 (2015) [Per J. Bersamin, First Division].

[51] Republic Act No. 3844, sec. 4, as amended by Republic Act No. 6389.

[52] Republic Act No. 3844, sec. 5, as amended by Republic Act No. 6389.

[53] Gabriel v. Pangilinan, 157 Phil. 578, 585 (1974) [Per J. Zaldivar, Second Division].

[54] Republic Act No. 3844, sec. 9.

[55] Republic Act No. 3844, sec. 9.

[56] Republic Act No. 3844, sec. 10.

[57] Rollo, p. 156.

[58] Department of Agrarian Reform Order dated February 12, 2020, p. 5.

[59] Id. at 5-6.

[60] Petition dated April 12, 2010.

[61] Amended Petition dated July 21, 2010.

[62] Id. at 3.

[63] Id. at 4.

[64] Department of Agrarian Reform Order dated January 14, 2011.

[65] Id.

[66] Opposition of Respondent-Oppositor Janette L. Peña dated August 21, 2010.

[67] 868 Phil. 446 (2020) [Per J. Leonen, Third Division].

[68] Id. at 466.

[69] Opposition of Respondent-Oppositor Janette L. Peña dated August 21, 2010, p. 2.

[70] Rollo, p. 156.

[71] Ponencia, p. 10.

[72] Fil-Estate Properties, Inc. v. Reyes, 863 Phil. 221, 287 (2019) [Per J. Leonen, Third Division].

[73] Republic Act No. 6657, sec. 22, as amended by Republic Act No. 9700, sec. 8, which included sec. 22-A.

[74] Republic Act No. 6657, sec. 22, as amended by Republic Act No. 9700, sec. 8, which included sec. 22-A.

[75] Republic Act No. 6657, sec. 6.

[76] Republic Act No. 6657, sec. 2.

[77] 555 Phil 28 (2007) [Per J. Austria-Martinez, Third Division].

[78] Id. at 36-37.

[79] Department of Agrarian Reform Order dated January 14, 2011, p. 3.

[80] Republic Act No. 1400, sec. 21.

[81] Available at http://www.lis.dar.gov.ph/documents/144 (last accessed on July 2, 2026).

[82] LTA Administrative Order No. 02-56, sec. 21.

[83] Id.

[84] Department of Agrarian Reform Order dated February 12, 2020, p. 5.

[85] Id. at 7.

[86] Petition, p. 26.

[87] DAR Administrative Order No. 03, Series of 2023, art. I, sec. 1.5.

[88] Id., sec. 18, amending Republic Act No. 6657, sec. 50.

[89] Cunanan v. Court of Appeals (Resolution), 793 Phil. 400 (2016) [Per J. Mendoza, Second Division]; Golez v. Abais, 868 Phil 186 (2020) [Per J. Caguioa, First Division]; and Heirs of Dela Corta, Sr. v. Alag-Pitogo, 871 Phil. 356 (2020) [Per J. Inting, Second Division].

[90] 2003 DARAB Rules of Procedure, Rule II, sec. 3.2.

[91] 2003 DARAB Rules of Procedure, Rule II, sec. 3.15

[92] Available at https://psa.gov.ph/content/2022-census-agriculture-and-fisheries-agricultural-population-ownership-or-secure-rights (last accessed on July 2, 2026).

[93] Available at https://rssomimaropa.psa.gov.ph/statistics/caf/node/1684058469 (last accessed on July 2, 2026).

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