

**BASES CONVERSION DEVELOPMENT AUTHORITY, PETITIONER, VS.
PROVINCIAL AGRARIAN REFORM OFFICER OF PAMPANGA,
REGISTER OF DEEDS OF ANGELES CITY, BENJAMIN POY LORENZO,
LAVERNIE POY LOR...**

G.R. Nos. 155322-29. June 27, 2012

Ponente: LEONARDO-DE CASTRO, J.

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LEONARDO-DE CASTRO, J.:

This is a petition for review on certiorari[1] to reverse the September 24, 2002 Order[2] of the Regional Trial Court (RTC) of Angeles City, Branch 58, in Civil Case Nos. 10362, 10363, 10364, 10376, 10377, 10378, 10379, and 10380.

Petitioner Bases Conversion Development Authority (BCDA) is a government owned and controlled corporation (GOCC) created under Republic Act No. 7227 or the Bases Conversion and Development Act of 1992,[3] as amended by Republic Act No. 7917.[4]

The respondents are the Provincial Agrarian Reform Officer (PARO) of Pampanga, as the government official responsible for approving and issuing the Certificates of Land Ownership Awards (CLOAs) involved in this case; the Register of Deeds of Pampanga (Register of Deeds), as the government official who has custody of all the original copies of the Certificates of Title subject of this petition; and Benjamin Poy Lorenzo, Lavernie Poy Lorenzo, Diosdado de Guzman, Rosemary Eng Tay Tan, Leandro de Guzman, Benjamin G. Lorenzo, Antonio Manalo, and Socorro de Guzman (private respondents) as the private individuals who were awarded the CLOAs.[5]

Pursuant to the national policy of accelerating the sound and balanced conversion of the Clark and Subic military reservations and their extensions into alternative productive uses for the promotion of economic and social development of Central Luzon and the entire country in general,[6] the BCDA was created[7] with the following purposes:

(a)

To own, hold and/or administer the military reservations of John Hay Air Station, Wallace Air Station, O'Donnell Transmitter Station, San Miguel Naval Communications Station, Mt. Sta. Rita Station (Hermosa, Bataan) and those portions of Metro Manila military camps which may be transferred to it by the President;

(b)

To adopt, prepare and implement a comprehensive and detailed development plan embodying a list of projects including but not limited to those provided in the Legislative-Executive Bases Council (LEBC) framework plan for the sound and balanced conversion of the Clark and Subic military reservations and their extensions consistent with ecological and environmental standards, into other productive uses to promote the economic and social development of Central Luzon in particular and the country in general;

(c)

To encourage the active participation of the private sector in transforming the Clark and Subic military reservations and their extensions into other productive uses;

(d)

To serve as the holding company of subsidiary companies created pursuant to Section 16 of this Act and to invest in Special Economic Zones declared under Sections 12 and 15 of this Act;

(e)

To manage and operate through private sector companies developmental projects outside the jurisdiction of subsidiary companies and Special Economic Zones declared by presidential proclamations and established under this Act;

(f)

To establish a mechanism in coordination with the appropriate local government units to effect meaningful consultation regarding the plans, programs and projects within the regions where such plans, programs and/or project development are part of the conversion of the Clark and Subic military reservations and their extensions and the surrounding communities as envisioned in this Act; and

(g)

To plan, program and undertake the readjustment, relocation, or resettlement of population within the Clark and Subic military reservations and their extensions as may be deemed necessary and beneficial by the Conversion Authority, in coordination with the appropriate government agencies and local government units.[8]

On April 3, 1993, Executive Order No. 80[9] was issued, authorizing the establishment of the Clark Development Corporation (CDC) to act as the operating and implementing arm of the BCDA with regard to the management of the Clark Special Economic Zone (CSEZ).[10]

On the same day, then President Fidel V. Ramos likewise issued Proclamation No. 163,[11] creating and designating the areas covered by the CSEZ as those “consisting of the Clark military reservations, including the Clark Air Base proper and portions of the Clark reverted baselands, and excluding the areas covered by previous Presidential Proclamations, the areas turned over to the Department of Agrarian Reform (DAR), and the areas in the reverted baselands for military use.”[12] Under Section 2 of Proclamation No. 163, these lands were transferred to the BCDA, which shall determine how to utilize and dispose of such lands.

As such, the BCDA became the owner of these lands, as registered in the name of the Republic of the Philippines, and covered by Transfer Certificate of Title (TCT) Nos. 18247-R[13] and 18257-R.[14]

On March 31, 2000, CDC, the Land Registration Authority (LRA), the Bureau of Local Government Finance (BLGF), and the Department of Environment and Natural Resources (DENR) Region III, entered into a Memorandum of Agreement (MOA),[15] wherein they created a CSEZ Technical Research Committee to conduct a technical research of properties within CSEZ covered by patents and certificates of title, applications for patent and title registration, property surveys, and tax declarations and payments.[16] The objective was to identify various levels of ownership claims as reflected in the official records of the concerned agencies.[17]

The CSEZ Technical Research Committee discovered that titles over parcels of land within the CSEZ, which had just been transferred to the BCDA, had already been issued in the names of private individuals, to wit:

Certificate of Land Ownership Award

A property within CSEZ Main Zone near the Friendship Gate, covered by a title in the name of the Republic of the Philippines, was later partially cancelled due to the issuance of Nine (9) [C]ertificates of Land Ownership Award (CLOA) from the Department of Agrarian Reform dated June 19, 1998. Property is covered by TCT No. 18257 and TCT No. 18247, in the name of the Republic of the Philippines. This lot is equivalent to Lot 857-A of Angeles Cadastre, BSD 10204 portion of Lot 857. The following CLOA's with a total area of 3[1,]891 hectares were inscribed at the back of the title as encumbrances[:]

CLOA No. NAME TCT No. AREA (sq. m)

00477828

Benjamin Poy Lorenzo

329

13,693

00559057

Rosemary Eng Tay Tan

394

23,982

00477832

Diosdado O. de Guzman

321

608

00477833

Antonio M. Manalo

322

919

00477834

Benjamin G. Lorenzo

323

1,769

00477823

Leandro de Guzman

324

2000

00477824

Socorro de Guzman

325

20,825

00477825

Leandro de Guzman

326

20,825

00477826

Benjamin Poy Lorenzo

327

8,009

00477827

Lavernie Poy Lorenzo

328

2,612

00477829

Lavernie Poy Lorenzo

330

164[18]

In view of the findings, the BCDA filed separate Complaints for Cancellation of Title[19] against the private

respondents, the PARO, and the Register of Deeds of Angeles City, Pampanga. These cases were docketed as Civil Case Nos. 10362, 10363, 10364, 10376, 10377, 10378, 10379, and 10380.[20] In its complaints, the BCDA alleged that since the properties (subject properties) were outside those allocated to DAR, and were already titled in the name of the Republic of the Philippines then transferred to the BCDA, they could not be the subject of an award by the PARO. The BCDA added that the subject properties, which had already been transferred to it, were reserved by the Philippine government as part of the Clark military reservations in accordance with the 1947 Military Bases Agreement between the Philippines and the United States of America. [21] Moreover, the BCDA claimed that the approval and issuance of CLOAs by the PARO, which became the bases for the TCTs issued to private respondents, were null and void in view of the fact that these subject properties were already titled in the name of the Republic of the Philippines under TCT Nos. 18247-R[22] and 18257-R,[23] issued on February 11, 1958, and were derivative titles of Original Certificate of Title (OCT) issued earlier.[24]

In their separate Motions to Dismiss,[25] the private respondents and the PARO moved for the dismissal of the complaints based on the following grounds:

1. That the Honorable [RTC] with due respect lacks jurisdiction over the subject matter and the nature of the action in the instant case.
2. That the [BCDA] has no cause or causes of action against the private defendant and public defendant PARO.[26]

The respondents argued that since the subject properties, which were part of the landholdings of the National Housing Authority, were awarded to the private respondents as the bona fide and de jure farmer-beneficiaries under Republic Act No. 6657 or the Comprehensive Agrarian Reform Law of 1988, jurisdiction over the cancellation of their titles fall under the DAR through its Adjudication Board known as the Department of Agrarian Reform Adjudication Board (DARAB).[27]

The BCDA, commenting[28] on the Motions to Dismiss, averred that it was erroneous to state that the DARAB had jurisdiction over the cases as they do not involve an agrarian reform issue.

On September 24, 2002, the RTC issued one Order/Resolution[29] dismissing the eight cases, without prejudice, for being prematurely filed.

The RTC, in dismissing the cases, declared that while it had jurisdiction to cancel CLOAs, questions on the legality of their issuance should be addressed to the DARAB. The RTC added:

Evident on the allegations in the complaint that plaintiff BCDA impugned the validity of the issuances of the subject CLOAs to private respondents and questioned the act of public respondent PARO to be beyond of its authority in awarding the subject parcels of land to said respondents on the ground that the subject parcels of land are outside the areas allocated to the Department of Agrarian Reform to be distributed to farmer-beneficiaries and that the same is registered in the name of the Republic of the Philippines. These allegations alone had divested this court from acquiring jurisdiction over the subject matter of the cases, much less to decide and delve into the issue of the legality of the issuances of the subject CLOAs, which original jurisdiction is vested with an administrative tribunal (DARAB).

x x x x

This Court believes that it is the Department of Agrarian Reform which is vested with exclusive jurisdiction to try and decide the instant controversy. It is not a simple cancellation of registration of title as the same involves agrarian reform issues. x x x.[30]

Aggrieved, the BCDA elevated its cause to this Court. However, before this Court could resolve the petition,

private respondent Benjamin Poy Lorenzo, on February 23, 2004, filed a Motion to Cite the Petitioner in Contempt of Court[31] for certifying before two branches of the RTC in Angeles City, wherein it filed eminent domain cases against him[32] and Lavernie Poy Lorenzo,[33] that it has not commenced any other action before this Court.

Opposing the motion, the BCDA argued that the complaints for expropriation involve issues that are completely different from the one posed in this petition. Moreover, the BCDA said, it had no intention at all to mislead the RTCs of Angeles City as it mentioned, in both complaints for expropriation, that the private respondents' titles were subject to pending complaints at the RTC for Cancellation of Title. The BCDA went on to point out Benjamin Poy Lorenzo's improper initiation of a contempt proceeding, as it was done through a mere motion instead of a verified petition.[34]

Issue

The resolution of this petition boils down to the determination of the following lone issue as presented by the BCDA:

THE SOLE ISSUE SUBMITTED FOR THE RESOLUTION OF THIS HONORABLE SUPREME COURT IS WHETHER THE DEPARTMENT OF AGRARIAN REFORM ADJUDICATION BOARD (DARAB), HAS JURISDICTION OVER THE CASE AS RULED BY THE HON. RTC JUDGE PHILBERT ITURALDE, OR THE REGIONAL TRIAL COURT.[35]

The BCDA asseverates that for the case to fall within the ambit of DARAB's jurisdiction, there must exist a tenancy relationship between the parties. The BCDA believes that since it had no tenurial relationship with the private respondents, it should not submit itself to the jurisdiction of the DARAB. The BCDA further contends that under Sections 78 and 112 of the Land Registration Act, the RTC has the authority to decide petitions for cancellation of titles. Corollarily, the BCDA claims, since the TCTs of the private respondents, as holders of CLOAs, were issued by the Register of Deeds, these titles are governed by the Torrens system, which is under the exclusive jurisdiction of the RTC.[36]

In their Comment,[37] the private respondents reiterated their position that under Section 50 of Republic Act No. 6657, and Section 1, Rule II of the DARAB New Rules of Procedure, the jurisdiction over their cases falls under the DARAB.

Anent the Motion to Cite the BCDA in Contempt

This Court, at the outset, would like to resolve Benjamin Poy Lorenzo's motion to cite the BCDA in contempt, for allegedly certifying before the RTCs in Angeles City, that it had not commenced a similar action before the Supreme Court. Since the alleged misconduct falls under indirect contempt, proceedings should be initiated either *motu proprio* by order of or a formal charge by the offended court, or by a verified petition with supporting particulars and certified true copies of documents or papers involved therein, and upon full compliance with the requirements for filing initiatory pleadings for civil actions in the court concerned.[38]

It is clear that Benjamin Poy Lorenzo has missed out on all of the above requirements. Moreover, as the BCDA has shown, it did not hide the fact that it had commenced a separate action involving his lot before RTC Branch 58 of Angeles City. In fact, the BCDA mentioned it both in its Complaint for Expropriation[39] and in its Verification and Certification as to Non-Forum Shopping.[40] This Court is, therefore, denying the motion of Benjamin Poy Lorenzo and will not belabor the point that such is not in keeping with the rules and jurisprudence.

This Court's Ruling on the Main Issue

This case properly falls within the jurisdiction of the RTC.

Rule II, Section 1 of the Revised Rules of Procedure of the DARAB provides:

Section 1. Primary, Original and Appellate Jurisdiction. ---The Agrarian Reform Adjudication Board shall have primary jurisdiction, both original and appellate, to determine and adjudicate all agrarian disputes, cases, controversies, and matters or incidents involving the implementation of the Comprehensive Agrarian Reform Program under Republic Act No. 6657, Executive Order Nos. 229, 228 and 129-A, Republic Act No. 3844 as amended by Republic Act No. 6389, Presidential Decree No. 27 and other agrarian laws and their implementing rules and regulations.

Under Section 3(d) of Republic Act No. 6657 an “agrarian dispute” is defined as follows:

(d) Agrarian Dispute refers to any controversy relating to tenurial arrangements, whether leasehold, tenancy, stewardship or otherwise, over lands devoted to agriculture, including disputes concerning farmworkers associations or representation of persons in negotiating, fixing, maintaining, changing or seeking to arrange terms or conditions of such tenurial arrangements.

It includes any controversy relating to compensation of lands acquired under this Act and other terms and conditions of transfer of ownership from landowners to farmworkers, tenants and other agrarian reform beneficiaries, whether the disputants stand in the proximate relation of farm operator and beneficiary, landowner and tenant, or lessor and lessee.

This Court agrees with the BCDA for this case to fall within the ambit of DARAB’s jurisdiction, the issue must be one that involves an agrarian dispute, which is not attendant in the instant case.[41]

It is a basic rule that jurisdiction is determined by the allegations in the complaint. [42] The BCDA’s complaints did not contain any allegation that would, even in the slightest, imply that the issue to be resolved in this case involved an agrarian dispute. In the action filed by the BCDA, the issue to be resolved was who between the BCDA and the private respondents and their purported predecessors-in-interest, have a valid title over the subject properties in light of the relevant facts and applicable laws. The case thus involves a controversy relating to the ownership of the subject properties, which is beyond the scope of the phrase “agrarian dispute.”[43]

The RTC, therefore, gravely erred when it dismissed the complaints on the grounds that they were prematurely filed. The action filed by the BCDA was cognizable by regular courts.

WHEREFORE, the petition is hereby GRANTED. The Order/Resolution of the Regional Trial Court, Branch 58 of Angeles City dated September 24, 2002 is REVERSED and SET ASIDE. Said court is ORDERED to assume jurisdiction over Civil Case Nos. 10362, 10363, 10364, 10376, 10377, 10378, 10379, and 10380 and conduct further proceedings in said cases.

SO ORDERED.

Bersamin, Del Castillo, Villarama, Jr., and Perlas-Bernabe,[**] JJ., concur.
Leonardo-De Castro,[*] J., (Acting Chairperson).

[*] Per Special Order No. 1226 dated May 30, 2012.

[**] Per Special Order No. 1227 dated May 30, 2012.

[1] Rules of Court, Rule 45.

[2] Rollo, pp. 30-34.

[3] An Act Accelerating the Conversion of Military Reservations Into Other Productive Uses, Creating the Bases

Conversion and Development Authority for this Purpose, Providing Funds Therefor and for Other Purposes.

[4] An Act Amending Section 8 of Republic Act Numbered Seventy-Two Hundred and Twenty-Seven, Otherwise Known as the Bases Conversion and Development Act of 1992, Providing for the Distribution of Proceeds from the Sale of Portions of Metro Manila Military Camps, and For Other Purposes.

[5] Rollo, pp. 15-16.

[6] Republic Act No. 7227, Sec. 1.

[7] Id. at Sec. 2.

[8] Id. at Sec. 4.

[9] Authorizing the Establishment of the Clark Development Corporation as the Implementing Arm of the Bases Conversion and Development Authority for the Clark Special Economic Zone, and Directing all Heads of Departments, Bureaus, Offices, Agencies and Instrumentalities of Government to Support the Program.

[10] Executive Order No. 80, Sec. 1.

[11] Creating and Designating the Area covered by the Clark Special Economic Zone and Transferring these Lands to the Bases Conversion and Development Authority Pursuant to Republic Act No. 7227.

[12] Proclamation No. 163, Sec. 1.

[13] Rollo, p. 38.

[14] Id. at 39.

[15] Records, pp. 34-42.

[16] Id. at 36.

[17] Rollo, p. 17.

[18] Id. at 17-18.

[19] Id. at 53-107.

[20] Against Benjamin Poy Lorenzo, Lavernie Poy Lorenzo, Diosdado De Guzman, Rosemary Eng Tay Tan, Leandro de Guzman, Benjamin G. Lorenzo, Antonio M. Manalo Socorro De Guzman, respectively.

[21] Rollo, p. 57.

[22] Id. at 38.

[23] Id. at 39.

[24] Id. at 58.

[25] Id. at 108-171.

[26] Id. at 108.

[27] Id. at 109-110.

[28] Id. at 172-203.

[29] Id. at 31-34.

[30] Id. at 33.

[31] Id. at 233-235.

[32] Id. at 255-264.

[33] Id. at 245-254.

[34] Id. at 238-241.

[35] Id. at 21.

[36] Id. at 22-24.

[37] Id. at 209-212.

[38] Rules of Court, Rule 71, Sec. 4.

[39] Rollo, p. 299.

[40] Id. at 306.

[41] Id. at 22.

[42] Agbulos v. Gutierrez, G.R. No. 176530, June 16, 2009, 589 SCRA 313, 318.

[43] Almuete v. Andres, 421 Phil. 522, 529 (2001).

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