



Republic of the Philippines
Supreme Court

Manila

FIRST DIVISION

DIAMOND FARMS, INC.,
Petitioner,

G.R. No. 192999

Present:

- versus -

BERSAMIN, J.,*
Acting Chairperson,
DEL CASTILLO,
ABAD,**
VILLARAMA, JR., and
PERLAS-BERNABE,* JJ.**

DIAMOND FARM WORKERS
MULTI-PURPOSE COOPERATIVE,
ELISEO EMANEL, VOLTAIRE
LOPEZ, RUEL ROMERO,
PATRICIO CAPRICIO, ERNESTO
FATALLO, ZOSIMO GOMEZ AND
100 JOHN DOES,

Promulgated:

18 JUL 2012

Respondents.

X-----X

DECISION

VILLARAMA, JR., J.:

Petitioner Diamond Farms, Inc. appeals the Decision¹ dated December 17, 2009 and Resolution² dated July 15, 2010 of the Court of Appeals (CA) in CA-G.R. SP No. 101384.

The facts of the case are as follows:

Petitioner is a corporation engaged in commercial farming of bananas.³ It owned 1,023.8574 hectares of land in Carmen, Davao. A big

* Designated Acting Chairperson of the First Division per Special Order No. 1251 dated July 12, 2012.

** Designated Acting Member of the First Division per Special Order No. 1252 dated July 12, 2012.

*** Designated Acting Member of the First Division per Special Order No. 1227 dated May 30, 2012.

¹ *Rollo*, pp. 39-56. Penned by Associate Justice Rebecca De Guia-Salvador with the concurrence of Associate Justices Apolinario D. Bruselas, Jr. and Mario V. Lopez.

² *Id.* at 78-79.

³ *Id.* at 9, 40.

portion of this land measuring 958.8574 hectares (958-hectare land) was initially deferred for acquisition and distribution under the Comprehensive Agrarian Reform Program (CARP).⁴ On November 3, 1992, Secretary Ernesto D. Garilao of the Department of Agrarian Reform (DAR) likewise approved the Production and Profit Sharing (PPS) Scheme proposed by the Philippine Banana Growers and Exporters Association as the mode of compliance with the required production sharing under Section 32 of Republic Act No. 6657, otherwise known as the Comprehensive Agrarian Reform Law (CARL).⁵

Later, on February 14, 1995, the Deferment Order was lifted and the aforesaid 958-hectare land was placed under CARP coverage. Thereafter, 698.8897 hectares of the 958-hectare land were awarded to members of the Diamond Agrarian Reform Beneficiaries Multi-Purpose Cooperative (DARBMUPCO). Petitioner, however, maintained management and control of 277.44 hectares of land, including a portion measuring 109.625 hectares (109-hectare land).

On November 23, 1999, petitioner's certificates of title over the 109-hectare land were cancelled. In lieu thereof, Transfer Certificates of Title (TCT) Nos. T-154155 to T-154160 were issued in the name of the Republic of the Philippines. On August 5, 2000, the DAR identified 278 CARP beneficiaries of the 109-hectare land, majority of whom are members of respondent Diamond Farm Workers Multi-Purpose Cooperative (DFWMPC). On October 26, 2000, the DAR issued six Certificates of Land Ownership Award (CLOAs) collectively in favor of the 278 CARP beneficiaries.⁶

Subsequently, on July 2, 2002, petitioner filed a complaint⁷ for unlawful occupation, damages and attorney's fees against respondents. Petitioner alleged that as of November 1995, it was the holder of TCT Nos.

⁴ Id. at 11, 40-41.

⁵ Id. at 11, 41.

⁶ Id. at 11-12, 41-42.

⁷ Id. at 80-84.

112068 and 112073 covering two parcels of land within the 109-hectare land. It alleged that it had been in possession for a long time of the two lands, which had a total area of 74.3393 hectares (74-hectare land), and grew thereon export-quality banana, producing on average 11,000 boxes per week worth ₱1.46 million. It alleged that the DAR's August 5, 2000 Order distributing the 109-hectare land to 278 CARP beneficiaries was not yet final on account of appeals, and therefore petitioner remains the lawful possessor of the subject land (109-hectare land) and owner of the improvements thereon. But while the CARP beneficiaries have not been finally designated and installed, respondents – its farm workers – refused to do their work from June 10, 2002, forcibly entered and occupied the 74-hectare land, and prevented petitioner from harvesting and introducing agricultural inputs. Thus, petitioner prayed that respondents be ordered to vacate the subject land; that it be allowed to harvest on the 74-hectare land; and that respondents be ordered to pay it lost income of ₱1.46 million per week from June 10, 2002 until farm operation normalizes, exemplary damages of ₱200,000, attorney's fees of ₱200,000, appearance fees, incidental expenses of ₱100,000 and costs.

In their answer with compulsory counterclaim,⁸ respondents admitted that petitioner was the holder of TCT Nos. 112068 and 112073, covering the 74-hectare land and that the said land produces 11,000 boxes of export-quality bananas per week. Respondents added that besides the 74-hectare land, petitioner owned four other parcels of land covered by TCT Nos. 112058, 112059, 112062 and 112063 having a total area of 35.2857 hectares (35-hectare land). These six parcels, which altogether have a total area of 109.625 hectares (109-hectare land), were acquired by the government upon the issuance of TCTs in the name of the Republic of the Philippines. But even after CLOAs were issued to the 278 CARP beneficiaries, petitioner continued to manage the 109-hectare land, paying wages to respondents as farm workers. Since 1995 they had been demanding from petitioner payment of their production share to no avail.

⁸ Id. at 86-100.

Respondents further claimed that petitioner conspired with 67 CARP beneficiaries to occupy and cultivate the 35-hectare land. Petitioner tried to allow alleged beneficiaries to occupy portions of the 74-hectare land, but respondents guarded it to protect their own rights, so the intruders were able to occupy only the pumping structure. Thereafter, petitioner stopped farm operation on the 74-hectare land and refused their request to resume farm operation. By way of relief, respondents prayed that their rights as CARP beneficiaries of the 109-hectare land be recognized and that their counterclaims for production share, profit share, accrued income and interest be granted.

Petitioner filed a reply⁹ and alleged that respondents initiated the commission of premature and unlawful entry into the 35-hectare land and did nothing to curb the unlawful entry of other parties. Petitioner also admitted that respondents recently allowed it to harvest and perform essential farm operations.

In their rejoinder,¹⁰ respondents denied that they illegally entered the 35-hectare land. They averred that petitioner promoted the entry of third parties and cited petitioner's agreements with third parties for the harvest of fruits thereon.

During the proceedings before the Office of the Regional Adjudicator, petitioner submitted its computation of respondents' production and profit share from the 109-hectare land for the years 1995 to 1999 and accordingly deposited the amount of ₱2.51 million. Respondents were required to submit a project of distribution, and the parties were ordered to submit position papers. Upon compliance by respondents with the order to submit a project of distribution, the Office of the Regional Adjudicator ordered the release of the amount deposited by petitioner to respondents.¹¹ Respondents thereafter submitted their position paper,¹²

⁹ Id. at 131-133.

¹⁰ Id. at 134-137.

¹¹ Id. at 155-156.

¹² Id. at 138-148.

wherein they reiterated that they had to guard the land to protect their rights. They confirmed petitioner's acceptance of their request to resume normal farm operation, and manifested that a precarious peace and harmony thereafter reigned on the 109-hectare land. They also repeated their prayers in their answer. Petitioner, on the other hand, failed to file its position paper despite several requests for extension of time to file the same.¹³

In his Decision,¹⁴ the Regional Agrarian Reform Adjudicator ruled that petitioner lost its ownership of the subject land when the government acquired it and CLOAs were issued in favor of the 278 CARP beneficiaries. The appeals from the Distribution Order will not alter the fact that petitioner is no longer the owner of the subject land. Also, respondents have been identified as CARP beneficiaries; hence, they are not unlawfully occupying the land. The Adjudicator added that petitioner is unlawfully occupying the land since it has no contract with the CARP beneficiaries. Thus, the Adjudicator denied petitioner's prayers in its complaint and granted respondents' counterclaims.

Aggrieved, petitioner appealed to the DARAB, but the DARAB denied petitioner's appeal in a Decision¹⁵ dated December 11, 2006. The DARAB ruled that petitioner is unlawfully occupying the subject land; hence, its complaint against respondents for unlawful occupation lacks merit. It also ruled that petitioner is no longer entitled to possess the subject land; that petitioner lost its ownership thereof; that ownership was transferred to the 278 CARP beneficiaries; that the appeals from the Distribution Order concern distribution and will not restore petitioner's ownership; that the 278 CARP beneficiaries can now exercise their rights of ownership and possession; and that petitioner should have delivered possession of the 109-hectare land to the CARP beneficiaries on August 5, 2000 instead of remaining in possession and in control of farm operations.

¹³ Id. at 156-157.

¹⁴ Id. at 149-166.

¹⁵ Id. at 276-299.

In awarding production and profit share, the DARAB held that Section 32 of the CARL requires petitioner to distribute said share to respondents. The DARAB computed the production and profit share based on the PPS Scheme proposed by the Philippine Banana Growers and Exporters Association and approved by DAR Secretary Ernesto D. Garilao. The dispositive portion of the DARAB's December 11, 2006 Decision reads:

WHEREFORE, premises considered, the Appeal is hereby **DENIED** for lack of merit.

The assailed Decision is hereby **MODIFIED** to read as follows:

1. **DENYING** the reliefs prayed for in the complaint;
2. **ORDERING** the [petitioner] to turn over to the respondents the possession of the subject landholding and respect the respondents' peaceful possession thereof;
3. **ORDERING** the [petitioner] to pay the respondents the following amount:
 - a. ₱27,553,703.25 less ₱2,511,786.00 as Production and Profit Share (PPS) from 15 February 1995 to 31 December 2005;
 - b. ₱17,796,473.43 as lease rental for the use of the land of [petitioner] from 26 October 2000 up to 31 December 2005;
 - c. ₱6,205,011.89 as accrued interest on the unpaid PPS from 01 March 1996 to 01 March 2006; and
 - d. ₱2,241,930.90 as accrued interest on the unpaid lease rental from 01 January 2001 to 01 January 2006.
4. **ENCOURAGING** the parties to enter into an agribusiness venture over the subject landholding, if feasible.

SO ORDERED.¹⁶

Its motion for reconsideration having been denied, petitioner appealed to the CA raising the following arguments: (1) respondents are not the lawful possessors of the subject land as well as the valuable improvements thereon, prior to receipt by petitioner of the corresponding payment for the land from the government, or upon deposit in favor of petitioner of the compensation for the same in cash or in Land Bank of the Philippines (LBP) bonds; (2) not

¹⁶ Id. at 297-298.

being lawful possessors of the subject land, respondents are not entitled to production share in the amount of ₱25.04 million and interest thereon in the amount of ₱6.21 million; and (3) not being lawful possessors of the subject land, respondents are not entitled to lease rentals as well as accrued interest thereon.¹⁷

As afore-stated, the CA in the assailed Decision affirmed the DARAB decision. The CA, however, deleted the award of lease rentals and interest thereon, to wit:

WHEREFORE, the assailed December 11, 2006 Decision and August 29, 2007 Resolution are **MODIFIED** to delete the DARAB's award of lease rentals and interests thereon in favor of respondents. The rest is **AFFIRMED in toto**.

SO ORDERED.¹⁸

The CA agreed with the DARAB in rejecting petitioner's bare and belated allegation that it has not received just compensation. The alleged nonpayment of just compensation is also a collateral attack against the TCTs issued in the name of the Republic of the Philippines. The CA found that petitioner has never sought the nullification of the Republic's TCTs. Further, the CA found no credible evidence relating to proceedings for payment of just compensation. The CA held that the issuance of the Republic's TCTs and CLOAs in favor of the 278 CARP beneficiaries implies the deposit in cash or LBP bonds of the amount initially determined as compensation for petitioner's land or the actual payment of just compensation due to petitioner. Additionally, the appeals over the Distribution Order cannot justify petitioner's continued possession since the appeals concern only the manner of distribution.

The CA held that petitioner became liable for respondents' production share when the Deferment Order was lifted. The CA noted that the DARAB computed the production share based on the approved PPS Scheme. The CA also noted petitioner's deposit of ₱2.51 million as

¹⁷ Id. at 47-49.

¹⁸ Id. at 56.

petitioner's recognition of respondents' right to production share.

Aggrieved, petitioner filed a motion for partial reconsideration contending that the CA erred when it affirmed the DARAB in ordering petitioner to (1) turn over possession of the subject land to respondents and respect their possession thereof and (2) pay respondents production and profit share of ₱25.04 million and interest of ₱6.21 million.¹⁹ The CA, however, denied petitioner's motion for partial reconsideration.

Hence, petitioner filed the present appeal. Respondents, on the other hand, no longer appealed the CA Decision and Resolution.

In its petition, petitioner argues that

I.

WITH ALL DUE RESPECT, THE HONORABLE COURT OF APPEALS, IN COMPLETE DEROGATION OF THE PETITIONER'S CONSTITUTIONAL RIGHT TO RECEIVE JUST COMPENSATION FOR THE TAKING OF ITS PROPERTY, COMMITTED A SERIOUS ERROR OF LAW WHEN IT AFFIRMED THE PORTION OF THE DECISION OF THE DARAB BASED ON ITS REASONING THAT THE ISSUE OF NON-PAYMENT OF JUST COMPENSATION TO THE PETITIONER IS AN ISSUE RAISED ONLY AT THE DARAB LEVEL; THIS RULING IS SIMPLY NOT IN ACCORD WITH LAW AND PERTINENT JURISPRUDENCE

II.

WITH ALL DUE RESPECT, THE HONORABLE COURT OF APPEALS COMMITTED SERIOUS ERROR OF LAW IN CONSIDERING THE PETITIONER'S ASSERTION OF ITS CONSTITUTIONAL RIGHT TO JUST COMPENSATION AS A COLLATERAL ATTACK ON THE REPUBLIC'S TITLE²⁰

Essentially, the issues for our resolution are: (1) whether respondents are guilty of unlawful occupation and liable to petitioner for damages and attorney's fees, (2) whether petitioner should turn over possession of the subject land to respondents and respect their possession thereof, and (3) whether the award of production share and interest was proper.

¹⁹ Id. at 58.

²⁰ Id. at 18.

Petitioner insists that prior to its receipt of the corresponding payment for the land from the government or deposit in its favor of the compensation for the land in cash or in LBP bonds, respondents cannot be deemed lawful possessors of the subject land and the valuable improvements thereon, citing Section 16 (e) of the CARL. According to petitioner, “[i]t has yet to receive any compensation for the lands acquired by the government.”²¹ Petitioner also contends that the CA erred in ruling that the issue of nonpayment of just compensation was raised only at the DARAB level, such being an unavoidable issue intertwined with its cause of action. Petitioner further avers that the CA erred in ruling that petitioner’s assertion of its constitutional right to just compensation is a collateral attack on the TCTs of the Republic of the Philippines. Petitioner maintains that the Republic’s TCTs which are derived from its TCTs pursuant to the CARL are neither attacked nor assailed in this case. Petitioner thus prays that it be declared as the lawful owner and possessor of the subject land until its actual receipt of just compensation.

In their comment, respondents claim that petitioner is just trying to mislead this Court that it has not been paid compensation for its property. Respondents cite two Certifications²² of Deposit (CARP Form No. 17) showing that the LBP deposited ₱9.92 million in cash and agrarian reform bonds as compensation for 91.3925 hectares of land and another 18.2325 hectares of land, or for 109.625 hectares of land (109-hectare land), owned by petitioner and covered by TCT Nos. T-112058, 112059, 112062, 112063, 112068, and 112073. Respondents also cite a DAR Memorandum²³ dated November 22, 1999 (CARP Form No. 18) requesting the Register of Deeds to issue TCTs in the name of the Republic of the Philippines. Respondents then summarized the consequent cancellations of the TCTs by attaching certified true copies of:

²¹ Id. at 26.

²² Id. at 401-402.

²³ Id. at 403.

X X X X

4. [TCT Nos.] T-112058, T-112059, T-112062, T-112063, T-112073 and T-112068 of petitioner [which show that] LBP Certificates of Deposit and DAR Memorandum-Request were duly annotated at the back thereof, and that the same were cancelled on 23 November 1999 upon issuance of TCTs in favor [of] the Republic of the Philippines;

5. [TCT Nos.] T-154159, T-154160, T-154157, T-154156, T-154155 issued in favor of the Republic of the Philippines showing that the same were cancelled on 30 October 2000 upon issuance of TCT[s] in favor of herein respondents;

6. [TCT Nos.] C-14005, C-14006, C-15311, C-15526, C-15527, C-14007, C-14004 issued in favor of herein respondents showing ‘THAT THE FARM/HOMELOT DESCRIBED IN THIS CERTIFICATE OF LANDOWNERSHIP AWARD IS ENCUMBERED IN FAVOR OF THE LAND BANK OF THE PHILIPPINES TO SECURE FULL PAYMENT OF ITS VALUE UNDER [THE CARL] BY THE FARMER-BENEFICIARY NAMED HEREIN,’ and that the same were already cancelled on April 30, 2009 upon issuance of TCTs in favor of herein respondent cooperative [now Davao Farms Agrarian Reform Beneficiaries Multi-Purpose Cooperative – DFARBEMPCO].²⁴

In its reply, petitioner states that to “set the record straight, the documents presented by respondents refer to the deposit of the initial valuation of the land” as determined by the LBP. This is not the just compensation for the land which is required to be determined by a court of justice.²⁵ According to petitioner, Sections 56 and 57 of the CARL provides that the Regional Trial Court (RTC), acting as a Special Agrarian Court (SAC), has the original and exclusive jurisdiction over all petitions for the determination of just compensation to landowners. Petitioner also states that the issue of just compensation may be easily gleaned at least from the submissions of the parties in their pleadings and one that had therefore been tried under the parties’ implicit agreement.

We find petitioner’s contentions bereft of merit.

On the first issue, we agree that respondents are not guilty of unlawful occupation and that there exists no basis to award damages and attorney’s fees to petitioner as respondents are agrarian reform

²⁴ Id. at 391-392.

²⁵ Id. at 544.

beneficiaries who have been identified as such, and in whose favor CLOAs have been issued. We thus uphold the ruling denying petitioner's prayers in its complaint for unlawful occupation, damages and attorney's fees. However, we note significant facts which dispute some findings of the Adjudicator, DARAB and CA, and make the necessary clarification or correction as appropriate.

It is beyond doubt that petitioner is the farm operator and manager while respondents are the farm workers. Both parties enjoyed possession of the land. Together, they worked thereon. Before CARP, petitioner was the landowner, farm operator and manager. Respondents are its farm workers. After the deferment period, CARP finally dawned. Petitioner lost its status as landowner, but not as farm operator and manager. Respondents remained as petitioner's farm workers and received wages from petitioner.

Now, the un rebutted claim of respondents in their answer and position paper is that they guarded the 74-hectare land to protect their rights as farm workers and CARP beneficiaries. They were compelled to do so when petitioner attempted to install other workers thereon, after it conspired with 67 CARP beneficiaries to occupy the 35-hectare land. They were fairly successful since the intruders were able to occupy the pumping structure. The government, including this Court, cannot condone petitioner's act to thwart the CARP's implementation. Installing workers on a CARP-covered land when the DAR has already identified the CARP beneficiaries of the land and has already ordered the distribution of the land to them serves no other purpose than to create an impermissible roadblock to installing the legitimate beneficiaries on the land.

We also find the action taken by respondents to guard the land as reasonable and necessary to protect their legitimate possession and prevent precisely what petitioner attempted to do. Such course was justified under Article 429 of the Civil Code which reads:

ART. 429. The owner or lawful possessor of a thing has the right to exclude any person from the enjoyment and disposal thereof. For this purpose, he may use such force as may be reasonably necessary to repel or prevent an actual or threatened unlawful physical invasion or usurpation of his property.

Being legitimate possessors of the land and having exercised lawful means to protect their possession, respondents were not guilty of unlawful occupation.

As to the immediate resumption of farm operations, petitioner admitted that respondents have already allowed it to harvest and perform essential activities. Respondents have confirmed that petitioner accepted their request to resume normal farm operations such that a precarious peace and harmony reigned on the 109-hectare land. That farm operations resumed is evident from petitioner's claim of lost income amounting to ₱1.46 million a week for four weeks, from June 10, 2002 to July 7, 2002.²⁶ Due to the parties' quick and voluntary agreement, farm operation and the parties' relationship normalized within five days from the filing of the complaint on July 2, 2002. We thus agree that petitioner must respect respondents' possession.

However, we disagree with the finding of the Adjudicator and DARAB that petitioner is guilty of unlawful occupation. Since respondents themselves have asked petitioner to resume its farm operation, petitioner's possession cannot be said to be illegal and unjustified.

This notwithstanding, we sustain the order for petitioner to turn over possession of the 109-hectare land. The DARAB and the DAR shall ensure that possession of the land is turned over to qualified CARP beneficiaries.

The procedure for acquisition of private lands under Section 16 (e) of the CARL is that upon receipt by the landowner of the corresponding payment or, in case of rejection or no response from the landowner, upon deposit with an accessible bank designated by the DAR of the

²⁶ Id. at 31.

compensation in cash or in LBP bonds, the DAR shall take immediate possession of the land and request the proper Register of Deeds to issue a TCT in the name of the Republic of the Philippines. Thereafter, the DAR shall proceed with the redistribution of the land to the qualified beneficiaries, to wit:

SEC. 16. *Procedure for Acquisition of Private Lands.* – For purposes of acquisition of private lands, the following procedures shall be followed:

x x x x

(e) Upon receipt by the landowner of the corresponding payment or in case of rejection or no response from the landowner, upon the deposit with an accessible bank designated by the DAR of the compensation in cash or in LBP bonds in accordance with this Act, the DAR shall take immediate possession of the land and shall request the proper Register of Deeds to issue a Transfer Certificate of Title (TCT) in the name of the Republic of the Philippines. The DAR shall thereafter proceed with the redistribution of the land to the qualified beneficiaries.

x x x x

Petitioner eventually acknowledged that there was indeed a deposit of the initial valuation of the land. There were two deposits of cash and agrarian reform bonds as compensation for the 109-hectare land owned by petitioner and covered by TCT Nos. T-112058, 112059, 112062, 112063, 112068 and 112073. Notably, petitioner also manifested that the Republic's TCTs which are derived from its TCTs pursuant to the CARL are neither attacked nor assailed in this case. Petitioner even argued that the transfer of possession and ownership of the land to the government is conditioned upon the receipt by the landowner of the corresponding payment or deposit by the DAR of the compensation with an accessible bank.²⁷ Following petitioner's own reasoning, petitioner has already lost its possession and ownership when the condition was fulfilled. Likewise undisputed is that in 2000, CLOAs had been issued collectively in favor of the 278 CARP beneficiaries of the 109-hectare land. These CLOAs constitute evidence of ownership by the beneficiaries under the then

²⁷ Id. at 26.

provisions of Section 24²⁸ of the CARL, to wit:

SEC. 24. *Award to Beneficiaries.* – The rights and responsibilities of the beneficiary shall commence from the time the DAR makes an award of the land to him, which award shall be completed within one hundred eighty (180) days from the time the DAR takes actual possession of the land. Ownership of the beneficiary shall be evidenced by a Certificate of Land Ownership Award, x x x. (Underscoring ours.)

In the light of the foregoing, this Court cannot grant petitioner's plea that it be declared as the lawful owner of the 109-hectare land. It is also to be noted that in its complaint, petitioner did not even claim ownership of the 109-hectare land. Petitioner could only state that as of November 1995, it was the holder of the TCTs covering the 74-hectare land and that pending resolution of the appeals from the distribution orders, it remains in the meantime as the lawful possessor of the 109-hectare land. Nothing therefore supports petitioner's claim that it is the lawful owner of the 109-hectare land.

To reiterate, petitioner had lost its ownership of the 109-hectare land and ownership thereof had been transferred to the CARP beneficiaries. Respondents themselves have requested petitioner to resume its farm

²⁸ Section 24, as amended by Republic Act No. 9700 (published in the *Manila Bulletin* and *Philippine Star* on August 24, 2009), now reads:

SECTION 24. *Award to Beneficiaries.* – The rights and responsibilities of the beneficiaries shall commence from their receipt of a duly registered emancipation patent or certificate of land ownership award and their actual physical possession of the awarded land. Such award shall be completed in not more than one hundred eighty (180) days from date of registration of the title in the name of the Republic of the Philippines: *Provided*, That the emancipation patents, 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.

It is the ministerial duty of the Registry of Deeds to register the title of the land in the name of the Republic of the Philippines, after the Land Bank of the Philippines (LBP) has certified that the necessary deposit in the name of the landowner constituting full payment in cash or in bond with due notice to the landowner and the registration of the certificate of land ownership award issued to the beneficiaries, and to cancel previous titles pertaining thereto.

Identified and qualified agrarian reform beneficiaries, based on Section 22 of Republic Act No. 6657, as amended, shall have usufructure rights over the awarded land as soon as the DAR takes possession of such land, and such right shall not be diminished even pending the awarding of the emancipation patent or the certificate of land ownership award.

All cases involving the cancellation of registered emancipation patents, certificates of land ownership award, and other titles issued under any agrarian reform program are within the exclusive and original jurisdiction of the Secretary of the DAR.

operations and this fact has given petitioner a temporary right to enjoy possession of the land as farm operator and manager.

We, however, agree that petitioner must now turn over possession of the 109-hectare land.

The matter has already been settled in *Hacienda Luisita, Incorporated, etc. v. Presidential Agrarian Reform Council, et al.*,²⁹ when we ruled that the Constitution and the CARL intended the farmers, individually or collectively, to have control over agricultural lands, otherwise all rhetoric about agrarian reform will be for naught. We stressed that under Section 4, Article XIII of the 1987 Constitution and Section 2 of the CARL, the agrarian reform program is founded on the right of farmers and regular farm workers who are landless to own directly or collectively the lands they till. The policy on agrarian reform is that control over the agricultural land must always be in the hands of the farmers.

Under Section 16 (e) of the CARL, the DAR is mandated to proceed with the redistribution of the land to the qualified beneficiaries after taking possession of the land and requesting the proper Register of Deeds to issue a TCT in the name of the Republic of the Philippines. Section 24 of the CARL is yet another mandate to complete the award of the land to the beneficiary within 180 days from the time the DAR takes actual possession of the land.³⁰ And under Section 20 of DAR Administrative Order No. 9, Series of 1998, also known as the Rules and Regulations on the Acquisition, Valuation, Compensation and Distribution of Deferred Commercial Farms, CLOAs shall be registered immediately upon generation, and the Provincial Agrarian Reform Officer (PARO) shall install or cause the installation of the beneficiaries in the commercial farm within seven days from registration of the CLOA. Section 20 of the Rules provides:

²⁹ G.R. No. 171101, April 24, 2012, pp. 17-22.

³⁰ Under the amended provisions of Section 24, such award shall be completed in not more than 180 days from the date of registration of the title in the name of the Republic of the Philippines.

SEC. 20. *Registration of CLOAs and Installation of Beneficiaries*
– CLOAs shall be registered immediately upon generation. The PARO shall install or cause the installation of the beneficiaries in the commercial farm within seven (7) days from registration of the CLOA.

We hold that the 109-hectare land must be distributed to qualified CARP beneficiaries. They must be installed on the land and have possession and control thereof.

A problem that emerged in this case is the identification of qualified CARP beneficiaries. Respondents' own evidence does not definitively show who are the legitimate CARP beneficiaries in the 109-hectare land. TCT Nos. 112058, 112059, 112062, 112063, 112068, and 112073, issued in the name of petitioner, were cancelled by TCT Nos. 154155 to 154160 issued in the name of the Republic of the Philippines. The Republic's TCTs were cancelled by TCT Nos. C-14002 to C-14007.³¹ Notably, TCT Nos. C-14004,³² C-14006,³³ and C-14007³⁴ show that they were respectively cancelled by TCT Nos. C-27342, C-27344, and C-27345, all in favor of DFARBEMPCO. It must be verified however if DFARBEMPCO is the legitimate successor of DFWMPC, herein respondent cooperative. As regards TCT No. C-14005,³⁵ there was a partial cancellation by TCT No. C-27110 in favor of DARBMUPCO and total cancellation by TCT No. C-27343 in favor of DFARBEMPCO. Nothing is shown about TCT Nos. C-14002 to C-14003.

Neither can TCT Nos. C-15311,³⁶ C-15526,³⁷ and C-15527³⁸ provide clarity. These TCTs cited by respondents contain entries of partial or total cancellation by TCT Nos. C-27346, C-27115 and C-27114, in favor of DFARBEMPCO or DARBMUPCO. The areas covered by TCT Nos. C-15311, C-15526, and C-15527 also appear to be different than those covered by the cancelled TCTs in the name of petitioner and the Republic

³¹ *Rollo*, pp. 405-448.

³² *Id.* at 515-524.

³³ *Id.* at 459-468.

³⁴ *Id.* at 505-514.

³⁵ *Id.* at 449-458.

³⁶ *Id.* at 469-480.

³⁷ *Id.* at 481-492.

³⁸ *Id.* at 493-504.

of the Philippines. Hence, it is imperative that the DAR and PARO assist the DARAB so that the 109-hectare land may be properly turned over to qualified CARP beneficiaries, whether individuals or cooperatives. Needless to stress, the DAR and PARO have been given the mandate to distribute the land to qualified beneficiaries and to install them thereon.

To fully address petitioner's allegations, we move on to its claim that the issue of just compensation is an issue that may easily be gleaned at least from the submissions of the parties in their pleadings and one that had therefore been tried under the parties' implicit agreement.

Petitioner's claim is unfounded. Even the instant appeal³⁹ is silent on the factors to be considered⁴⁰ in determining just compensation. These factors are enumerated in Section 17⁴¹ of the CARL which reads:

SECTION 17. *Determination of Just Compensation.* – In determining just compensation, the cost of acquisition of the land, the current value of like properties, its nature, actual use and income, the sworn valuation by the owner, the tax declarations, and the assessment made by government assessors shall be considered. The social and economic benefits contributed by the farmers and the farmworkers and by the Government to the property as well as the nonpayment of taxes or loans secured from any government financing institution on the said land shall be considered as additional factors to determine its valuation.

What petitioner stressed before us and before the CA to assail respondents' possession is its less-than-candid claim that it has yet to receive any compensation for the lands acquired by the government.⁴² Petitioner's cause of action in its complaint for unlawful occupation with prayer that respondents be ordered to vacate and pay damages and

³⁹ Id. at 9-33.

⁴⁰ See *Land Bank of the Philippines v. Livioco*, G.R. No. 170685, September 22, 2010, 631 SCRA 86, 108.

⁴¹ Section 17, as amended by Republic Act No. 9700 (August 7, 2009), now reads:

SECTION 17. *Determination of Just Compensation.* – In determining just compensation, the cost of acquisition of the land, the value of the standing crop, the current value of the like properties, its nature, actual use and income, the sworn valuation by the owner, the tax declarations, the assessment made by government assessors, and seventy percent (70%) of the zonal valuation of the Bureau of Internal Revenue (BIR), translated into a basic formula by the DAR shall be considered, subject to the final decision of the proper court. The social and economic benefits contributed by the farmers and the farmworkers and by the Government to the property as well as the non-payment of taxes or loans secured from any government financing institution on the said land shall be considered as additional factors to determine its valuation.

⁴² *Rollo*, pp. 26, 339.

attorney's fees cannot also be mistaken as one for determination of just compensation. Thus, just compensation was never an issue in this case.

Sections 56 and 57 of the CARL likewise provides that the RTC, acting as SAC, has original and exclusive jurisdiction over all petitions for the determination of just compensation to landowners, to wit:

SEC. 56. *Special Agrarian Court.* - The Supreme Court shall designate at least one (1) branch of the Regional Trial Court (RTC) within each province to act as a Special Agrarian Court.

x x x x

SEC. 57. *Special Jurisdiction.* - The Special Agrarian Courts shall have original and exclusive jurisdiction over all petitions for the determination of just compensation to landowners, x x x.

We said that the DAR's land valuation is only preliminary and is not, by any means, final and conclusive upon the landowner. The landowner can file an original action with the RTC acting as SAC to determine just compensation. The court has the right to review with finality the determination in the exercise of what is admittedly a judicial function.⁴³ This case however was not brought before the SAC on determination of just compensation. No reversible error was therefore committed by the CA when it did not rule on just compensation.

On the third issue, petitioner contends that respondents are not entitled to production share as well as interest since they are not lawful possessors of the subject land. Petitioner asserts that the 3% production share under Section 32 of the CARL may only be given if there are sales from the production of the land. Petitioner however claims that it has incurred losses and that respondents admitted that farm operations in the subject land have not normalized. Petitioner thus submits that there is no factual basis in the production share from the sale of agricultural products in the subject land.

The contention has no merit.

⁴³ *Hacienda Luisita Inc.*, supra note 29 at 14.

We have already ruled that respondents' possession is legitimate. On petitioner's claim that it incurred losses, Section 32 of the CARL clearly states that the 3% production share of the farm workers is based on "gross sales from the production of such lands," to wit:

SEC. 32. *Production-Sharing.* – Pending final land transfer, individuals or entities owning, or operating under lease or management contract, agricultural lands are hereby mandated to execute a production-sharing plan with their farmworkers or farmworkers' organization, if any, whereby three percent (3%) of the gross sales from the production of such lands are distributed within sixty (60) days of the end of the fiscal year as compensation to regular and other farmworkers in such lands over and above the compensation they currently receive: *Provided*, That these individuals or entities realize gross sales in excess of five million pesos per annum unless the DAR, upon proper application, determines a lower ceiling. (Underscoring ours.)

Petitioner cites its net losses, computed after deductions were made on the amount of its sales. These losses however, have no bearing in computing the production share which is based on gross sales. And petitioner's own allegation of weekly production worth ₱1.46 million – the same amount used by petitioner as basis of its claim for damages – debunks its claim that no basis exists that there were sales from agricultural products of the subject land. Likewise supporting the existence of sales is petitioner's own computation of respondents' production share and its deposit of the amount of ₱2.51 million before the Office of the Regional Adjudicator. It must be noted also that farm operations normalized within five days from the filing of the complaint.

In sum, petitioner failed to show any reversible error committed by the CA in affirming the DARAB's computation of respondents' production share based on the approved PPS Scheme. Notably, petitioner has admitted the fact of approval of the PPS Scheme.⁴⁴

WHEREFORE, we **DENY** the petition for lack of merit and **AFFIRM** the Decision dated December 17, 2009 and Resolution dated July 15, 2010 of the Court of Appeals in CA-G.R. SP No. 101384.

⁴⁴ *Rollo*, p. 11.

We also **DIRECT** the Department of Agrarian Reform and the Provincial Agrarian Reform Officer to assist the Department of Agrarian Reform Adjudication Board in the distribution of the 109-hectare land to the qualified agrarian reform beneficiaries, whether individuals or cooperatives.

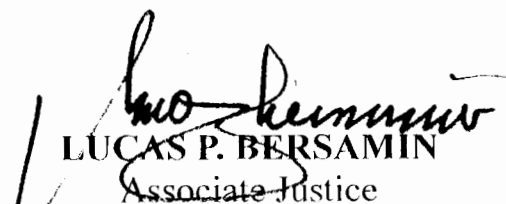
Let a copy of this Decision be served upon the Department of Agrarian Reform.

With costs against the petitioner.

SO ORDERED.



MARTIN S. VILLARAMA, JR.
Associate Justice

WE CONCUR:


LUCAS P. BERSAMIN
Associate Justice
Acting Chairperson

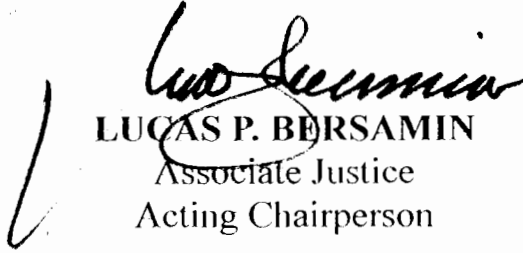

MARIANO C. DEL CASTILLO
Associate Justice


ROBERTO A. ABAD
Associate Justice


ESTELA M. PERLAS-BERNABE
Associate Justice

ATTESTATION


I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



LUCAS P. BERSAMIN
Associate Justice
Acting Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Acting Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



ANTONIO T. CARPIO
Senior Associate Justice
(Per Section 12, R.A. 296,
The Judiciary Act of 1948, as amended)