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Third Division

Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

HEIRS OF SALVADOR and SALVACION LAMIREZ, namely MARTHA, JHONY, and JAVIER LAMIREZ, represented by DOLORES PARREÑAS; HEIRS OF ALFONSO and FLORINDA ESCLADA, namely ABELARDO, ALFREDO, HELEN, MARILYN, ELIZABETH, and ALFONSO, JR., represented by GILDA E. LACANDULA; and HEIRS OF PROVIDENCIA and RODRIGO LLUPAR, represented by ETHELDA LLUPAR,[1]
Petitioners,

-versus-

SPOUSES AHMED AMPATUAN and CERILA R. AMPATUAN,
Respondents.

G.R. No. 226043

Present:

LEONEN, *J., Chairperson,*
GESMUNDO,
CARANDANG,
ZALAMEDA, and
GAERLAN, *JJ.*

Promulgated:
February 3, 2020

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DECISION

LEONEN, *J.*:

Res judicata bars a party from raising an issue or matter that has already been decided on with finality. There can be no *res judicata* where the issues raised in a subsequent action have never been passed upon in the

[1] The spelling of the names varies throughout the *rollo*.

prior judgment. *Res judicata* will likewise not lie if the prior decision was decided by a tribunal not having jurisdiction over the subject matter.

This Court resolves a Petition for Review on Certiorari[2] assailing the Decision[3] and Resolution[4] of the Court of Appeals, which affirmed the Regional Trial Court's dismissal[5] of an action for specific performance on the ground of *res judicata*.

This controversy arose from a land dispute brought to the Ministry of Agriculture and Natural Resources, Bureau of Lands in 1981. Spouses Salvador and Salvacion Lamirez, Spouses Alfonso and Florinda Esclada, and Spouses Providencia and Rodrigo Llupar (collectively, the Lamirez Spouses, et al.) had a claim against Spouses Ahmed and Cerila Ampatuan (the Ampatuan Spouses) as to who should be entitled over a property in Allah, Esperanza, Sultan Kudarat identified as Lot No. 1562-B, Pls-397-D.[6]

On June 18, 1996, the parties agreed to settle the case through a Compromise Agreement. It provided that the disputed property would be titled in the Ampatuan Spouses' names, but once titled, they would be offering the property, through a Voluntary Offer to Sell, to the government under the Comprehensive Agrarian Reform Program. The Lamirez Spouses, et al. would be the beneficiaries, with the area they were actually occupying to be tentatively sold at ₱120,000.00 per hectare, the final value depending on the Land Bank of the Philippines' valuation.[7] The Compromise Agreement read:

> COMPROMISE AGREEMENT
>
> COME NOW PARTIES in the above-entitled cases, to the Honorable Office of the Land Management Bureau, respectfully submit this compromise agreement as the basis for the final settlement and adjudication of the above-entitled cases upon such terms and conditions which the parties hereby agree, to wit:
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> 1. The lot subject of this conflict shall be titled in the name of the Applicant respondent and/or his wife CERILA AMPATUAN and the papers for the perfection of his/their rights thereto may henceforth be processed so that titles to the afore-stated conflicted areas be issued to them;

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2 *Rollo*, pp. 11–34.

3 Id. at 36–45. The January 15, 2016 Decision was penned by Associate Justice Ruben Reynaldo G. Roxas and concurred in by Associate Justices Edgardo T. Lloren and Rafael Antonio M. Santos of the Twenty-Third Division of the Court of Appeals, Cagayan de Oro City.

4 Id. at 51–52. The June 29, 2016 Resolution was penned by Associate Justice Ruben Reynaldo G. Roxas and concurred in by Associate Justices Edgardo T. Lloren and Rafael Antonio M. Santos of the Twenty-Third Division of the Court of Appeals, Cagayan de Oro City.

5 Id. at 64–67, Resolution; and 68–69, Order. Both rulings in Civil Case No. 23 were penned by Acting Presiding Judge Jordan H. Reyes of the Regional Trial Court of Isulan, Sultan Kudarat, Branch 19.

6 Id. at 37.

7 Id. at 37–38.

> 2. That subject area once titled to the said applicant-respondent and/or his wife shall be offered to the government under the scheme of voluntary offer for sale;
>
> 3. That the claimants/protestants who are actually occupying the portion of the area covered by titles issued to applicant-protestant and or his wife shall be the beneficiaries of the actual area they actually occupy of the date of the execution hereof and shall not be displaced and transferred to any area without their respective consent;
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> 4. That the actual area occupied by protestants shall be sold to them thru VOS at a price of ONE HUNDRED TWENTY THOUSAND PESOS per hectare, provided that in the event the valuation thereof by the Land Bank shall be less than the said amount, the protestants shall pay the applicant respondent the difference thereof upon such terms and conditions that may be entered into by the parties later;
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> 5. That this compromise agreement is entered into by the parties on main intent that the parties who are the actual occupants on the land shall not be displaced;
>
> 6. That this compromise agreement not being contrary to law, morals, public order and public policy, the same is prayed for by the parties to be admitted and made final basis for the Adjudication of this case.[8]

Pursuant to the Compromise Agreement, the Bureau of Lands issued titles in the Ampatuan Spouses' names on February 28, 1997. Original Certificate of Title No. P-17169 was issued to Ahmed Ampatuan while Original Certificate of Title No. 17170 was issued to Cerila Ampatuan. Consequently, the Compromise Agreement became the basis for the Bureau of Lands' disposition of the land dispute.[9]

Sometime after, the Ampatuan Spouses filed a case for recovery of possession and back rentals against the Lamirez Spouses, et al. before the Office of the Provincial Agrarian Reform Adjudicator (Provincial Adjudicator). They alleged that the Lamirez Spouses, et al. refused to pay back rentals over the property while the Voluntary Offer to Sell was still being negotiated. The Lamirez Spouses, et al., on the other hand, alleged that they demanded the Ampatuan Spouses to comply with the Compromise Agreement, but the latter refused to do so.[10]

On October 25, 2004, the Provincial Adjudicator rendered a Decision in favor of the Ampatuan Spouses and ordered the Lamirez Spouses, et al. to immediately cease cultivation of the land and to vacate the property.[11] The dispositive portion of the Decision read:

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[8] Id.

[9] Id. at 38.

[10] Id. at 38–39.

[11] Id. at 39.

> WHEREFORE, in view of the foregoing judgment is hereby rendered:
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> 1) Ordering all respondents, or any person or entity acting for and in their behalf, to immediately cease and desist from cultivating the following landholding subject of the complaint:
>
> > a) Lot No. 2088-E-1, Csd-12-006291 of an area of 72,964 square meters, more or less, registered in the name of Ahmed Ampatuan on March 19, 1997 under Original Certificate of Title No. 17170 (FP-126503-97-21447) and located at Allah, Esperanza, Sultan Kudarat;
> >
> > b) Lot No. 2088-E-2, Csd-12-006291 of an area of 76,742 square meters, more or less, registered in the name of Ahmed K. Ampatuan on March 19, 1997 under Original Certificate of Title No. 17169 (FP-126503-97-21448) and located at Allah, Esperanza, Sultan Kudarat.
>
> 2) Ordering same respondents, or any person acting for and in their stead, to peacefully vacate said landholding and surrender the same in favor of complainants, namely, Ahmed Ampatuan and Cerila Ampatuan, or their duly authorized representatives.[12]

The Provincial Adjudicator found that until the property in issue was placed under the Comprehensive Agrarian Reform Program's coverage, the Ampatuan Spouses remained the landowners and the Lamirez Spouses, et al. were their tenants. As such, while the payment of rentals was not in the Compromise Agreement, the Lamirez Spouses, et al., as tenants, were obligated to pay lease rentals to the Ampatuan Spouses.[13]

The Lamirez Spouses, et al. appealed, but the Department of Agrarian Reform Adjudication Board Central Office, in its February 22, 2007 Decision, affirmed the Provincial Adjudicator's ruling. They moved for reconsideration, but their Motion was also denied.[14]

Undaunted, the Lamirez Spouses, et al. filed a Petition for Certiorari, but even this was also denied by the Court of Appeals in a September 18, 2009 Decision. An Entry of Judgment dated February 4, 2010 certified that the September 18, 2009 Decision became final and executory on November 11, 2009. A Writ of Execution was issued by the Provincial Adjudicator on August 12, 2010.[15]

On November 12, 2010, the Heirs of Salvador and Salvacion Lamirez,

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12 Id.

13 Id. at 42–43.

14 Id. at 39.

15 Id. at 39–40.

namely Martha, Jhony, and Javier; the Heirs of Alfonso and Florinda Esclada, namely Abelardo, Alfredo, Helen, Marilyn, Elizabeth, and Alfonso, Jr.; and the Heirs of Providencia and Rodrigo Llupar (collectively, the Heirs of the Lamirez Spouses, et al.) filed a Complaint for specific performance or damages, seeking the enforcement of the Compromise Agreement. In their Answer with Counterclaim, the Ampatuan Spouses raised the defense of *res judicata*.[16]

On August 2, 2012, the Regional Trial Court issued a Resolution[17] dismissing the Complaint on the ground of *res judicata*. The subsequent Motion for Reconsideration was also denied in a December 14, 2012 Order.[18] Aggrieved, the Heirs of the Lamirez Spouses, et al. appealed[19] to the Court of Appeals.

On January 15, 2016, the Court of Appeals rendered a Decision[20] affirming the Regional Trial Court's findings and legal conclusions.

According to the Court of Appeals, *res judicata* was applicable since the Decision in the recovery of possession case had already determined with finality the parties' rights over the disputed property.[21] It found that in their counterclaim, the Heirs of the Lamirez Spouses, et al. were able to seek the specific performance of the Compromise Agreement, which had already been resolved by the Department of Agrarian Reform Adjudication Board.[22] It held that they cannot demand that the Ampatuan Spouses offer the land pursuant to the Compromise Agreement, since they "acted in bad faith in refusing to fulfill their tenurial obligations to the [Ampatuan Spouses]":[23]

> It must be noted that DARAB Decision had become final and executory when this Court denied appellants' petition for certiorari and thereby issued an Entry of Judgment of the appealed case dated 4 February 2010. What is clearly established in the administrative case is the existence of tenurial relations between the parties with appellees as owners of the land and appellants as farmer-tenants thereof. As per Compromise Agreement, appellants conceded to the titling of the area in dispute in the name of appellees with the corresponding arrangement that the same will be eventually offered under the CARP through the VOS scheme with appellants as beneficiaries. The execution of the instrument cured the unauthorized entry, occupation and cultivation of the landholding by appellants but not their failure and continued refusal to pay lease rentals to the appellees even upon and after the effectivity of their agreement, as aptly stressed by the DARAB.[24]

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[16] Id. at 40.
[17] Id. at 64–67.
[18] Id. at 68–69.
[19] Id. at 40.
[20] Id. at 36–45.
[21] Id. at 40–41.
[22] Id. at 44.
[23] Id. at 42.
[24] Id.

The Heirs of the Lamirez Spouses, et al. moved for reconsideration,[25] but their Motion was denied in a June 29, 2016 Resolution.[26] Hence, they filed this Petition.[27]

Petitioners argue that the prior Decision on the recovery of possession case did not operate as *res judicata* to this case. They contend that while there was an identity of parties,[28] there was no identity of rights asserted and reliefs prayed for. They claim that respondents filed the previous case based on a right of ownership and prayed for recovery of possession and back rentals; meanwhile, they filed the specific performance case based on their rights under the Compromise Agreement, with its enforcement as the relief sought.[29]

Petitioners likewise argue that since respondents were only able to acquire titles to the disputed property through the Compromise Agreement, their refusal to comply constitutes bad faith.[30]

Respondents counter[31] that petitioners were the ones found to have acted in bad faith by not fulfilling their tenurial obligations under the Compromise Agreement, which in turn prevented respondents from performing their reciprocal obligations. They point out that in the recovery of possession case, petitioners had already pursued the same cause of action—specific performance—in their counterclaim, which was later found unmeritorious. Thus, respondents insist that there was no error in the application of *res judicata* in this present case.[32]

In rebuttal,[33] petitioners contend that whether they pay rentals was not a condition for respondents to refuse to comply with the Compromise Agreement. They also maintain that the recovery of possession case and this present case were founded on different causes of action.[34]

From the parties' arguments, the issue before this Court is whether or not the Court of Appeals erred in holding that the action seeking the Compromise Agreement's enforcement was barred by the Department of Agrarian Reform Adjudication Board's final and executory Decision on the payment of leasehold rentals.

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[25] Id. at 46–49.
[26] Id. at 51–52.
[27] Id. at 11–34.
[28] Id. at 21.
[29] Id. at 22.
[30] Id. at 23.
[31] Id. at 91–94, Comment.
[32] Id. at 92–93.
[33] Id. at 104–108, Reply.
[34] Id. at 105.

I

Res judicata is a legal principle where a party is barred from raising an issue or presenting evidence on a fact that has already been judicially tried and decided. It is "a matter adjudged; a thing judicially acted upon or decided; a thing or matter settled by judgment."[35] The application of the principle is provided under Rule 39, Section 47 of the Rules of Court:

> SECTION 47. *Effect of judgments or final orders.* — The effect of a judgment or final order rendered by a court of the Philippines, having jurisdiction to pronounce the judgment or final order, may be as follows:
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> ....
>
> (b) In other cases, the judgment or final order is, with respect to the matter directly adjudged or as to any other matter that could have been raised in relation thereto, conclusive between the parties and their successors in interest by title subsequent to the commencement of the action or special proceeding, litigating for the same thing and under the same title and in the same capacity; and
>
> (c) In any other litigation between the same parties or their successors in interest, that only is deemed to have been adjudged in a former judgment or final order which appears upon its face to have been so adjudged, or which was actually and necessarily included therein or necessary thereto.

As explained in *Presidential Decree No. 1271 Committee v. De Guzman*,[36] *res judicata* is premised on the idea that judgments must be final and conclusive; otherwise, there would be no end to litigation.[37]

In applying *res judicata*, courts must first distinguish between two (2) concepts: (1) bar by prior judgment; and (2) conclusiveness of judgment. In *Spouses Aboitiz v. Spouses Po*,[38] this Court explained the difference between the two:

> *Res judicata* in the concept of bar by prior judgment proscribes the filing of another action based on "the same claim, demand, or cause of action." It applies when the following are present: (a) there is a final judgment or order; (b) it is a judgment or order on the merits; (c) it was "rendered by a court having jurisdiction over the subject matter and

[35] *Presidential Decree No. 1271 Committee v. De Guzman*, 801 Phil. 731, 763 (2016) [Per J. Leonen, Second Division] citing *Oropeza Marketing Corp. v. Allied Banking Corp.*, 441 Phil. 551, 563 (2002) [Per J. Quisumbing, Second Division].

[36] 801 Phil. 731 (2016) [Per J. Leonen, Second Division].

[37] Id. at 765.

[38] 810 Phil. 123 (2017) [Per J. Leonen, Second Division].

> parties"; and (d) there is "identity of parties, of subject matter, and of causes of action" between the first and second actions.
>
> *Res judicata* in the concept of conclusiveness of judgment applies when there is an identity of issues in two (2) cases between the same parties involving different causes of action. Its effect is to bar "the relitigation of particular facts or issues" which have already been adjudicated in the other case.[39] (Citations omitted)

In this case, the Court of Appeals seems to have confused the two concepts. It held that there was already "bar by prior judgment"[40] even if the case for recovery of possession and the action for specific performance had different rights asserted and reliefs sought. It reasoned that "the resolution on the second case . . . as to whether [respondents] may be obliged to comply with the assailed provision in the Compromise Agreement, *i.e.*, to offer the land to the government under [the Voluntary Offer to Sell] scheme, essentially hinges on the rights that have been previously determined with finality"[41] in the first case.

While the identity of the parties is the same, the rights asserted and the reliefs prayed for are different in the two cases. In the recovery of possession case, respondents asserted their alleged right of ownership and prayed for recovery of possession and payment of leasehold rentals under agrarian reform laws. In the specific performance case, petitioners assert their rights in the Compromise Agreement and pray for its enforcement. The Department of Agrarian Reform Adjudication Board likewise has no jurisdiction over an action for specific performance. Strictly speaking, the finality of the first case would not bar the adjudication of the present case.

Since the Court of Appeals reasoned that the specific performance case would involve a re-litigation of the same facts or issues as the recovery of possession case, the more accurate concept would have been conclusiveness of judgment. In *Spouses Antonio v. de Monje*:[42]

> [W]here there is identity of parties in the first and second cases, but no identity of causes of action, the first judgment is conclusive only as to those matters actually and directly controverted and determined and not as to matters merely involved therein. This is the concept of *res judicata* known as "conclusiveness of judgment." Stated differently, any right, fact or matter in issue directly adjudicated or necessarily involved in the determination of an action before a competent court in which judgment is rendered on the merits is conclusively settled by the judgment therein and cannot again be litigated between the parties and their privies whether or not the claim, demand, purpose, or subject matter of the two actions is the same.

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[39] Id. at 152–153.
[40] *Rollo*, p. 41.
[41] Id. at 42.
[42] 646 Phil. 90 (2010) [Per J. Peralta, Second Division].

> Stated differently, conclusiveness of judgment finds application when a fact or question has been squarely put in issue, judicially passed upon, and adjudged in a former suit by a court of competent jurisdiction. The fact or question settled by final judgment or order binds the parties to that action (and persons in privity with them or their successors-in-interest), and continues to bind them while the judgment or order remains standing and unreversed by proper authority on a timely motion or petition; the conclusively-settled fact or question cannot again be litigated in any future or other action between the same parties or their privies and successors-in-interest, in the same or in any other court of concurrent jurisdiction, either for the same or for a different cause of action. Thus, only the identities of parties and issues are required for the operation of the principle of conclusiveness of judgment.[43]

Properly couched, the issue raised in petitioner's action for specific performance is whether respondents can be compelled to comply with the stipulations in the Compromise Agreement. To pass upon this issue, the trial court must address the preliminary issue of whether respondents actually complied with the stipulations in the Compromise Agreement. This must be conclusively resolved first before the Decision in the recovery of possession case can operate as *res judicata* through conclusiveness of judgment.

A review of its Decision, however, shows that the Department of Agrarian Reform Adjudication Board never actually passed upon the issue of compliance. It merely stated that petitioners, being agrarian reform beneficiaries, were obligated to pay leasehold rentals to respondents:

> The execution of their Compromise Agreement only beefed up with clarity and certainty the respective rights and obligations of both parties. While at this point of time, the Ampatuans have yet to subject the landholding in issue to CARP coverage, there are no manifest indications that complainants reneged from their commitment to offer the same. Henceforth, until such time that said property is covered by the agrarian reform program and its landowners are justly compensated, respondents as farmer-beneficiaries therein are bound by law to pay the appropriate lease rentals to the complainants as recognized landowners. Such tenurial obligations respondents concertedly failed and intentionally refused to perform. Respondents as farmer-beneficiaries, are deemed tenant lessees and are bound to perform their obligations as such viz-a-viz their rights and privileges. They cannot deny from carrying out that duty. Yet, as records would show, respondents vehemently declined to comply, save perhaps on account of a fortuitous event or *force majeure* which they have failed to show.
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> Worthy to emphasize that, in case the land is covered by the CARP and pursuant to the doctrine laid down in YAP cases (G.R. Nos. 118712

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[43] Id. at 99–100 citing *Agustin v. Delos Santos*, 596 Phil. 630 (2009) [Per C.J. Puno, First Division]; *Hacienda Bigaa, Inc. v. Epifanio V. Chavez*, 632 Phil. 574 (2010) [Per J. Brion, Second Division]; *Chris Garments Corporation v. Sto. Tomas*, 596 Phil. 14 (2009) [Per J. Quisumbing, Second Division]; and *Heirs of Rolando N. Abadilla v. Galarosa*, 527 Phil. 264 (2006) [Per J. Austria-Martinez, First Division].

and 118745, the DAR issued Administrative Order No. 02 Series of 1996 which states:

> III. POLICY:
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> . . . .
>
> B. If the land is tenanted, the ARBs shall continue to pay lease rentals based on existing guidelines on leasehold operations until such time that the landowner signs the Deed of Transfer, or the LBP deposits the compensation proceeds in the name of the landowner, as the case may be. In case there is any standing crop on the land at the time of acquisition, the landowner shall retain his share of the harvest thereof pursuant to Section 28 of RA 6657 and other related laws.

Their argument that it has never been stipulated in the Compromise Agreement that they must pay lease rentals to the Ampatuans bears no legal excuse. Treated so, respondents are really obliged to pay lease rentals to complainants but which as records in the case would show, they have failed to comply for no justifiable reason. Since it is their persistence that they should be named as agrarian reform beneficiaries (ARBs) over the disputed landholding, they must logically, in turn, instill that tenurial obligation to continue paying lease rentals to the landowners, complainants therein, until such time that the latter is fully and justly compensated by the Land Bank.[44] (Citation omitted)

For reference, the Compromise Agreement stipulated that after respondents have acquired titles to the property, the property should be offered for sale to the government under the Comprehensive Agrarian Reform Program:

> 2. That subject area once titled to the said applicant-respondent and/or his wife shall be offered to the government under the scheme of voluntary offer for sale;
>
> 3. That the claimants/protestants who are actually occupying the portion of the area covered by titles issued to applicant-protestant and or his wife shall be the beneficiaries of the actual area they actually occupy of the date of the execution hereof and shall not be displaced and transferred to any area without their respective consent;
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> . . . .
>
> 5. That this compromise agreement is entered into by the parties on main intent that the parties who are the actual occupants on the land shall not be displaced[.][45]

Even the Department of Agrarian Reform Adjudication Board

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[44] *Rollo*, pp. 42–43.
[45] Id. at 37–38.

conceded that respondents had yet to fulfill the stipulations in the Compromise Agreement when it stated that "at this point of time, the Ampatuans have yet to subject the landholding in issue" under the Comprehensive Agrarian Reform Program.[46] However, it merely brushed aside respondents' noncompliance by stating that "there [were] no manifest indications"[47] that they would renege on their commitments. It did ***not*** make a conclusive judgment that respondents had complied with the stipulations in the Compromise Agreement.

Strangely, the Department of Agrarian Reform Adjudication Board concluded that it was petitioners, not respondents, who refused to comply with the Compromise Agreement by allegedly refusing to pay their tenurial dues—an obligation *not actually stipulated* in the Compromise Agreement. In *Viesca v. Gilinsky*:[48]

> [I]t is settled that neither the courts nor quasi-judicial bodies can impose upon the parties a judgment different from their compromise agreement or against the very terms and conditions of their agreement without contravening the universally established principle that a contract is the law between the parties. The courts can only approve the agreement of parties. They cannot make a contract for them.[49]

Respondents did not magically acquire titles to the disputed property. Any legal right they possessed was by virtue of their Compromise Agreement with petitioners. It was imperative, therefore, that respondents first comply with its stipulations before asserting any rights under it.

Moreover, a perusal of the Compromise Agreement shows that its main intent was to prevent petitioners' predecessors-in-interest, the disputed lot's actual occupants and cultivators, from being displaced. It expressly mandated that they "shall not be displaced and transferred to any area without their respective consent[.]"[50]

By instituting the case for recovery of possession, respondents would have violated the stipulations of the Compromise Agreement, since a favorable decision has the effect of displacing petitioners' predecessors-in-interest without their consent. Petitioners' predecessors-in-interest could then institute an action to protect their rights under the same agreement.

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46 Id. at 42.
47 Id.
48 553 Phil. 498 (2007) [Per J. Chico-Nazario, Third Division].
49 Id. at 522–523 citing *Philippine Bank of Communications v. Echiverri*, 197 Phil. 842 (1980) [Per J. Teehankee, First Division]; *Municipal Board of Cabanatuan City v. Samahang Magsasaka, Inc.*, 159 Phil. 493 (1975) [Per J. Esguerra, First Division]; and *De Guia v. Romillo, Jr.*, 262 Phil. 524 (1990) [Per J. Griño-Aquino, First Division].
50 *Rollo*, p. 38.

The Department of Agrarian Reform Adjudication Board's Decision, therefore, had no effect on the validity of the Compromise Agreement, because the ruling did not pass upon any of its stipulations. Since the issues have not yet been fully resolved, petitioners, as the successors-in-interest, could institute an action for the enforcement of the Compromise Agreement. *Res judicata* would not lie.

II

Even assuming that the Court of Appeals correctly categorized respondents' defense as *res judicata* through bar by prior judgment, it would still not lie. This principle requires a prior valid judgment issued by a tribunal having jurisdiction over the subject matter.

The quasi-judicial powers of the Department of Agrarian Reform had been previously provided in Executive Order No. 229,[51] series of 1987:

> SECTION 17. *Quasi-Judicial Powers of the DAR*. The DAR is hereby vested with quasi-judicial powers to determine and adjudicate agrarian reform matters, and shall have exclusive original jurisdiction over all matters involving implementation of agrarian reform, except those falling under the exclusive original jurisdiction of the DENR and the Department of Agriculture (DA).

The Department of Agrarian Reform Adjudication Board was a creation of Executive Order No. 129-A,[52] series of 1987, to serve as the administrative arm through which the Department of Agrarian Reform would exercise its quasi-judicial functions:

> SECTION 13. *Agrarian Reform Adjudication Board*. There is hereby created an Agrarian Reform Adjudication Board under the Office of the Secretary. The Board shall be composed of the Secretary as Chairman, two (2) Undersecretaries as may be designated by the Secretary, the Assistant Secretary for Legal Affairs, and three (3) others to be appointed by the President upon the recommendation of the Secretary as members. A Secretariat shall be constituted to support the Board. The Board shall assume the powers and functions with respect to the adjudication of agrarian reform cases under Executive Order No. 229 and this Executive Order. These powers and functions may be delegated to the regional offices of the Department in accordance with rules and regulations to be promulgated by the Board.

When Republic Act No. 6657[53] was enacted, it retained the grant and scope of the Department of Agrarian Reform's jurisdiction:

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[51] Providing the Mechanisms for the Implementation of the Comprehensive Agrarian Reform Program.
[52] Reorganization Act of the Department of Agrarian Reform.
[53] Comprehensive Agrarian Reform Law of 1988.

> SECTION 50. *Quasi-Judicial Powers of the DAR.* — The DAR is hereby vested with primary jurisdiction to determine and adjudicate agrarian reform matters and shall have exclusive original jurisdiction over all matters involving the implementation of agrarian reform except those falling under the exclusive jurisdiction of the Department of Agriculture (DA) and the Department of Environment and Natural Resources (DENR).

Pursuant to its mandate, the Department of Agrarian Reform Adjudication Board promulgated its 1989 Rules of Procedure, which, among others, delegated jurisdiction over agrarian reform cases to the Regional and Provincial Adjudicators:

> SECTION 2. *Delegated Jurisdiction.* — The Regional Agrarian Reform Adjudicators (RARAD) and the Provincial Agrarian Reform Adjudicators (PARAD) are empowered and authorized to receive, hear, determine and adjudicate all agrarian cases and disputes, and incidents in connection therewith, arising within their respective territorial jurisdiction.[54]

Subsequently, the 1994 Rules of Procedure specified the extent of the jurisdiction of the Department of Agrarian Reform Adjudication Board, along with the Regional and Provincial Adjudicators:

> RULE II
> Jurisdiction of the Adjudication Board
>
> SECTION 1. *Primary and Exclusive Original and Appellate Jurisdiction.* — The Board shall have primary and exclusive jurisdiction, both original and appellate, to determine and adjudicate all agrarian disputes involving the implementation of the Comprehensive Agrarian Reform Program (CARP) under Republic Act No. 6657, Executive Order Nos. 228, 229, and 129-A, Republic Act No. 3844 as amended by Republic Act No. 6389, Presidential Decree No. 27 and other agrarian laws and their implementing rules and regulations. Specifically, such jurisdiction shall include but not be limited to cases involving the following:
>
> a) The rights and obligations of persons, whether natural or juridical, engaged in the management, cultivation and use of all agricultural lands covered by the CARP and other agrarian laws;
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> b) The valuation of land, and the preliminary determination and payment of just compensation, fixing and collection of lease rentals, disturbance compensation, amortization payments, and similar disputes concerning the functions of the Land Bank of the Philippines (LBP);

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[54] DARAB RULES OF PROCEDURE (1989), Rule II, sec. 2 as cited in *Heirs of Zoleta v. Land Bank of the Philippines*, 816 Phil. 389 (2017) [Per J. Leonen, Second Division].

c) The annulment or cancellation of lease contracts or deeds of sale or their amendments involving lands under the administration and disposition of the DAR or LBP;

d) Those cases arising from or connected with membership or representation in compact farms, farmers' cooperative and other registered farmers' associations or organizations, related to lands covered by the CARP and other agrarian laws;

e) Those involving the sale, alienation, mortgage, foreclosure, preemption and redemption of agricultural lands under the coverage of the CARP or other agrarian laws;

f) Those involving the issuance, correction and cancellation of Certificates of Land Ownership Award (CLOAs) and Emancipation Patents (EPs) which are registered with the Land Registration Authority;

g) Those cases previously falling under the original and exclusive jurisdiction of the defunct Court of Agrarian Relations under Section 12 of Presidential Decree No. 946, except sub-paragraph (q) thereof and Presidential Decree No. 815.

It is understood that the aforementioned cases, complaints or petitions were filed with the DARAB after August 29, 1987.

Matters involving strictly the administrative implementation of Republic Act No. 6657, otherwise known as the Comprehensive Agrarian Reform Law (CARL) of 1988 and other agrarian laws as enunciated by pertinent rules shall be the exclusive prerogative of and cognizable by the Secretary of the DAR.

h) And such other agrarian cases, disputes, matters or concerns referred to it by the Secretary of the DAR.

SECTION 2. Jurisdiction of the Regional and Provincial Adjudicator. — The RARAD and the PARAD shall have concurrent original jurisdiction with the Board to hear, determine and adjudicate all agrarian cases and disputes, and incidents in connection therewith, arising within their assigned territorial jurisdiction.

At the time of the dispute before the Department of Agrarian Reform Adjudication Board, the 2003 Rules of Procedure governed. It provides:

RULE II
Jurisdiction of the Board and its Adjudicators

SECTION 1. *Primary and Exclusive Original Jurisdiction.* — The Adjudicator shall have primary and exclusive original jurisdiction to determine and adjudicate the following cases:

1.1 The rights and obligations of persons, whether natural or juridical, engaged in the management, cultivation, and use of all agricultural lands covered by Republic Act (RA) No. 6657, otherwise known as the Comprehensive Agrarian Reform Law (CARL), and other related agrarian laws;

1.2 The preliminary administrative determination of reasonable and just compensation of lands acquired under Presidential Decree (PD) No. 27 and the Comprehensive Agrarian Reform Program (CARP);

1.3 The annulment or cancellation of lease contracts or deeds of sale or their amendments involving lands under the administration and disposition of the DAR or Land Bank of the Philippines (LBP);

1.4 Those cases involving the ejectment and dispossession of tenants and/or leaseholders;

1.5 Those cases involving the sale, alienation, pre-emption, and redemption of agricultural lands under the coverage of the CARL or other agrarian laws;

1.6 Those involving the correction, partition, cancellation, secondary and subsequent issuances of Certificates of Land Ownership Award (CLOAs) and Emancipation Patents (EPs) which are registered with the Land Registration Authority;

1.7 Those cases involving the review of leasehold rentals;

1.8 Those cases involving the collection of amortizations on payments for lands awarded under PD No. 27, as amended, RA No. 3844, as amended, and RA No. 6657, as amended, and other related laws, decrees, orders, instructions, rules, and regulations, as well as payment for residential, commercial, and industrial lots within the settlement and resettlement areas under the administration and disposition of the DAR;

1.9 Those cases involving the annulment or rescission of lease contracts and deeds of sale, and the cancellation or amendment of titles pertaining to agricultural lands under the administration and disposition of the DAR and LBP; as well as EPs issued under PD 266, Homestead Patents, Free Patents, and miscellaneous sales patents to settlers in settlement and re-settlement areas under the administration and disposition of the DAR;

1.10 Those cases involving boundary disputes over lands under the administration and disposition of the DAR and the LBP, which are transferred, distributed, and/or sold to tenant-beneficiaries and are covered by deeds of sale, patents, and certificates of title;

1.11 Those cases involving the determination of title to agricultural lands where this issue is raised in an agrarian dispute by any of the parties or a third person in connection with the possession thereof for the purpose of preserving the tenure of the agricultural lessee or actual tenant-farmer or farmer-beneficiaries and effecting the ouster of the interloper or intruder in one and the same proceeding; and

1.12 Those cases previously falling under the original and exclusive jurisdiction of the defunct Court of Agrarian Relations under Section 12 of PD No. 946 except those cases falling under the proper courts or other quasi-judicial bodies;

1.13 Such other agrarian cases, disputes, matters or concerns

> referred to it by the Secretary of the DAR.
>
> SECTION 2. *Appellate Jurisdiction of the Board.* — The Board shall have exclusive appellate jurisdiction to review, reverse, modify, alter, or affirm resolutions, orders, and decisions of its Adjudicators.
>
> No order of the Adjudicators on any issue, question, matter, or incident raised before them shall be elevated to the Board until the hearing shall have been terminated and the case decided on the merits.

In its Decision, the Department of Agrarian Reform Adjudication Board assumed its jurisdiction based on the finding that there was a tenurial relationship between the parties. It stated:

> [U]ntil such time that said property is covered by the agrarian reform program and its landowners are justly compensated, respondents as farmer-beneficiaries therein are bound by law to pay the appropriate lease rentals to the complainants as recognized landowners. Such tenurial obligations respondents concertedly failed and intentionally refused to perform. Respondents as farmer-beneficiaries, are deemed tenant lessees and are bound to perform their obligations as such viz-a-viz their rights and privileges.[55]

According to this reasoning, petitioners' predecessors-in-interest were deemed "farmer-beneficiaries" under the Comprehensive Agrarian Reform Program, and as such, were obligated to pay leasehold rentals until the landowners could be compensated by the government:

> Worthy to emphasize that, in case the land is covered by the CARP and pursuant to the doctrine laid down in YAP cases (G.R. Nos. 118712 and 118745, the DAR issued Administrative Order No. 02 Series of 1996 which states:
>
> III. POLICY:
>
> . . . .
>
> B. If the land is tenanted, the ARBs shall continue to pay lease rentals based on existing guidelines on leasehold operations until such time that the landowner signs the Deed of Transfer, or the LBP deposits the compensation proceeds in the name of the landowner, as the case may be. In case there is any standing crop on the land at the time of acquisition, the landowner shall retain his share of the harvest thereof pursuant to Section 28 of RA 6657 and other related laws.
>
> Their argument that it has never been stipulated in the Compromise Agreement that they must pay lease rentals to the Ampatuans bears no legal excuse. Treated so, respondents are really obliged to pay lease

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55 *Rollo*, p. 43.

> rentals to complainants but which as records in the case would show, they have failed to comply for no justifiable reason. Since it is their persistence that they should be named as agrarian reform beneficiaries (ARBs) over the disputed landholding, they must logically, in turn, instill that tenurial obligation to continue paying lease rentals to the landowners, complainants therein, until such time that the latter is fully and justly compensated by the Land Bank.[56]

Indeed, under the 2003 Rules of Procedure, the Department of Agrarian Reform Adjudication Board has jurisdiction over cases "involving the ejectment and dispossession of tenants and/or leaseholders"[57] or "the review of leasehold rentals[.]"[58] However, this controversy arose precisely because respondents *never submitted the property to the coverage of the Comprehensive Agrarian Reform Program*, as required by the Compromise Agreement. In stating that "at this point of time, the Ampatuans have yet to subject the landholding"[59] under the Comprehensive Agrarian Reform Program, even the Department of Agrarian Reform Adjudication Board admits this.

Yet, it still held that petitioners' predecessors-in-interest, as agrarian reform beneficiaries, should pay leasehold rentals "until such time that said property is covered by the agrarian reform program and its landowners are justly compensated,"[60] even if petitioners' predecessors-in-interest were not yet agrarian reform beneficiaries.

The Department of Agrarian Reform Adjudication Board assumed jurisdiction over respondents' action based on a condition in the Compromise Agreement that *respondents never actually fulfilled.* In *Department of Agrarian Reform v. Paramount Holdings Equities*,[61] this Court held that the Board had no jurisdiction over disputes arising from properties that had not been the subject of any notice of coverage under the Comprehensive Agrarian Reform Program nor proven to involve agricultural tenancy:

> Upon the Court's perusal of the records, it has determined that the PARO's petition with the PARAD failed to indicate an agrarian dispute.
>
> Specifically, the PARO's petition failed to sufficiently allege any tenurial or agrarian relations that affect the subject parcels of land. Although it mentioned a pending petition for coverage filed with DAR by supposed farmers-tillers, there was neither such claim as a fact from DAR, nor a categorical statement or allegation as to a determined tenancy relationship by the PARO or the Secretary of Agrarian Reform. The

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56 Id. at 42–43.
57 DARAB RULES OF PROCEDURE (2003), Rule II, sec. 1(1.4).
58 DARAB RULES OF PROCEDURE (2003), Rule II, sec. 1(1.7).
59 *Rollo*, p. 42.
60 Id. at 43.
61 711 Phil. 30 (2013) [Per J. Reyes, First Division].

PARO's petition merely states:

> 3.3 That the Provincial Office only came to know very recently about such transaction when the Office received on two separate occasions a memorandum directive dated 22 October and 25 April 2002 from the Office of the DAR Secretary to investigate and if warranted file a corresponding petition for nullification of such transaction anent the petition for coverage of the actual occupants farmers-tillers led by spouses Josie and Lourdes Samson who informed the Office of the DAR Secretary about such transaction[.]

It is also undisputed, that even the petition filed with the PARAD failed to indicate otherwise, that the subject parcels of land had not been the subject of any notice of coverage under the Comprehensive Agrarian Reform Program (CARP). Clearly, the PARO's cause of action was merely founded on the absence of a clearance to cover the sale and registration of the subject parcels of land, which were claimed in the petition to be agricultural.

Given the foregoing, the CA correctly ruled that the DARAB had no jurisdiction over the PARO's petition.[62] (Citation omitted)

The Department of Agrarian Reform Adjudication Board simply presumed that petitioners' predecessors-in-interest became respondents' tenants after the titles had been issued in respondents' names. Tenancy, however, cannot be presumed, but must be proven.

As echoed in *Bumagat v. Arribay*,[63] among the requisites to establish tenancy is consent between the parties:

> [A] case involving agricultural land does not immediately qualify it as an agrarian dispute. The mere fact that the land is agricultural does not *ipso facto* make the possessor an agricultural lessee or tenant. There are conditions or requisites before he can qualify as an agricultural lessee or tenant, and the subject being agricultural land constitutes just one condition. For the DARAB to acquire jurisdiction over the case, there must exist a tenancy relation between the parties. "[I]n order for a tenancy agreement to take hold over a dispute, it is essential to establish all its indispensable elements, to wit: 1) that the parties are the landowner and the tenant or agricultural lessee; 2) that the subject matter of the relationship is an agricultural land; 3) that there is consent between the parties to the relationship; 4) that the purpose of the relationship is to bring about agricultural production; 5) that there is personal cultivation on the part of the tenant or agricultural lessee; and 6) that the harvest is shared between the landowner and the tenant or agricultural lessee."[64]

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[62] Id. at 41–42.

[63] 735 Phil. 595 (2014) [Per J. Del Castillo, Second Division].

[64] Id. at 607 citing *Isidro v. Court of Appeals*, 298-A Phil. 481 (1993) [Per J. Padilla, Second Division] and *Spouses Atuel v. Spouses Valdez*, 451 Phil. 631, 643 (2003) [Per J. Carpio, First Division].

Petitioners' predecessors-in-interest never appeared to have consented to be respondents' tenants. Petitioners' filing of the present case was a clear indication of this. There was, thus, no tenurial agreement between the parties.

Even if the case for recovery of possession could be considered an agrarian dispute under Republic Act No. 6657,[65] the Department of Agrarian Reform Adjudication Board would still have no jurisdiction over it.

Rule II, Section 1.11 of the 2003 Rules of Procedure provides that the Board, as with the Provincial Adjudicator, has jurisdiction over cases that involve determining agricultural land titles "for the purpose of preserving the tenure of the agricultural lessee or actual tenant-farmer or farmer-beneficiaries and effecting the ouster of the interloper or intruder in one and the same proceeding[.]"

To be clear, neither petitioners nor their predecessors-in-interest disputed the issuance of titles in respondents' names. All they asked for was that respondents comply with their part of the Compromise Agreement and submit the property under the Comprehensive Agrarian Reform Program. In any case, determinations of titles under Section 1.11 must be made for the purpose of preserving the tenure of the agricultural lessee or actual tenant-farmer or farmer-beneficiaries. Since respondents had yet to submit the property under the Comprehensive Agrarian Reform Program, any determination on the preservation of the tenure of petitioners, or their predecessors-in-interest, would have been premature.

The Department of Agrarian Reform Adjudication Board, therefore, had no jurisdiction over respondents' action. Worse, its Decision effectively rewarded respondents for blatantly violating the terms of the Compromise Agreement while penalizing petitioners for refusing to comply with an obligation that was never stipulated in the Compromise Agreement.

Any decision rendered without jurisdiction over the subject matter is considered a void judgment, which has no binding legal effect. Without a judgment, then, *res judicata* would not lie. In *Amoguis v. Ballado*:[66]

> Where there is no jurisdiction over a subject matter, the judgment

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[65] Republic Act No. 6657 (1988), sec. 3 provides:
SECTION 3. *Definitions.* — For the purpose of this Act, unless the context indicates otherwise:
. . . .
(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.

[66] G.R. No. 189626, August 20, 2018, <http://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/64639> [Per J. Leonen, Third Division].

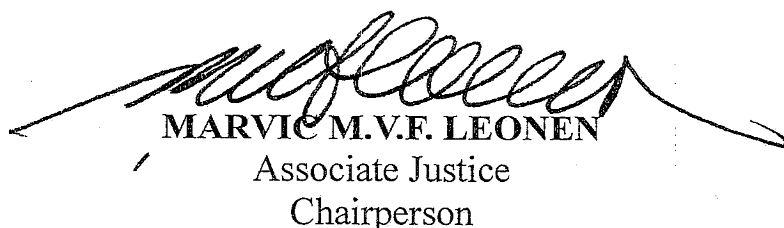
> is rendered null and void. A void judgment has absolutely no legal effect, "by which no rights are divested, from which no rights can be obtained, which neither binds nor bars any one, and under which all acts performed and all claims flowing out of are void." Because there is in effect no judgment, *res judicata* does not apply to commencing another action despite previous adjudications already made.[67] (Citations omitted)

There being no *res judicata*, either through conclusiveness of judgement or bar by prior judgment, petitioners are not barred from filing an action to enforce the stipulations of the Compromise Agreement.

WHEREFORE, the Petition is **GRANTED**. The Court of Appeals' January 15, 2016 Decision and June 29, 2016 Resolution in CA-G.R. CV No. 03201-MIN, as well as the Regional Trial Court's August 2, 2012 Resolution and December 14, 2012 Order in Civil Case No. 23, are **REVERSED** and **SET ASIDE**.

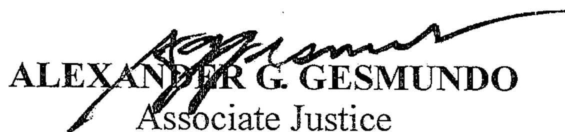
Since the Compromise Agreement consists of coverage under the Comprehensive Agrarian Reform Program, this incident should be referred to the Secretary of Agrarian Reform, who will then determine whether the property should be covered by compulsory acquisition under the program. A copy of this Decision is, thus, furnished to the Secretary of Agrarian Reform for administrative determination.

SO ORDERED.



MARVIC M.V.F. LEONEN
Associate Justice
Chairperson

WE CONCUR:



ALEXANDER G. GESMUNDO
Associate Justice

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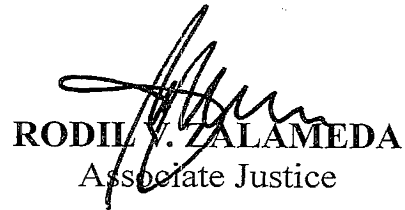
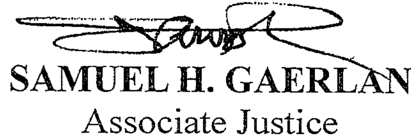
[67] Id. citing *Arevalo v. Benedicto*, 157 Phil. 175, 181 (1974) [Per J. Antonio, Second Division] and *Hilado v. Chavez*, 482 Phil. 104 (2004) [Per J. Callejo, Second Division].

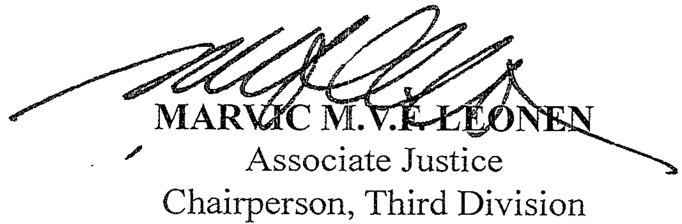
ROSMARI D. CARANDANG
Associate Justice


RODIL V. ZALAMEDA
Associate Justice


SAMUEL H. GAERLAN
Associate Justice

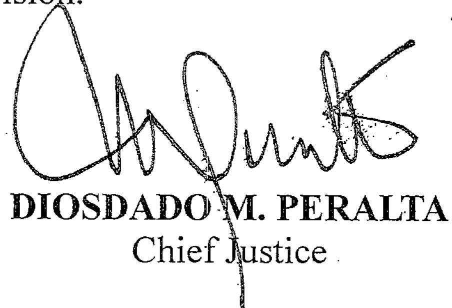
ATTESTATION

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.


MARVIC M.V.F. LEONEN
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division 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.


DIOSDADO M. PERALTA
Chief Justice

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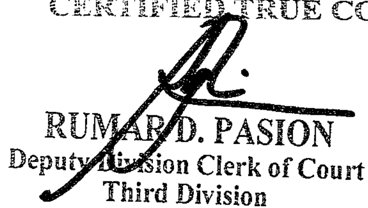
RUMAR D. PASION
Deputy Division Clerk of Court
Third Division