

THIRD DIVISION

[G.R. No. 205266, January 15, 2020]

**SPOUSES LAURETO V. FRANCO AND NELLY DELA CRUZ-FRANCO,
LARRY DELA CRUZ FRANCO, AND ROMEO BAYLE, PETITIONERS,
VS. SPOUSES MACARIO GALERA, JR. AND TERESITA LEGASPINA,
RESPONDENTS.**

DECISION

LEONEN, J.:

An express agreement is not necessary to establish the existence of agricultural tenancy. The tenancy relationship can be implied when the conduct of the parties shows the presence of all the requisites under the law.

This Court resolves a Petition for Review on Certiorari^[1] filed by Spouses Laureto V. Franco and Nelly Dela Cruz-Franco (the Franco Spouses), their son Larry Dela Cruz Franco (Larry). and Romeo Bayle (Romeo), assailing the Court of Appeals' Decision^[2] and Resolution^[3] The Court of Appeals reversed the Decision^[4] and Resolution^[5] of the Department of Agrarian Reform Adjudication Board, which in turn reversed the Regional Adjudicator's Decision^[6] finding Spouses Macario Galera, Jr. and Teresita Legaspina (the Galera Spouses) as tenants of the contested landholdings, and are therefore entitled to the right of redemption.^[7]

This case arose out of a dispute over two (2) agricultural lots in Nagalangan, Danglas, Abra: (1) the 6,197-square meter Lot No. 2282, owned by Benita Bayle (Benita); and (2) the 1,336-square meter Lot No. 2344, owned by Spouses Apolonio and Charing Bayle (the Bayle Spouses), Romeo's parents.^[8]

On February 5, 2006, the Galera Spouses filed a Complaint^[9] for legal redemption against the Franco Spouses, Larry, and Romeo before the Regional Adjudicator in Baguio City.^[10]

In their Complaint, the Gal era Spouses alleged that in 1990, the Bayle Spouses and Benita instituted them as tenants of the two (2) agricultural landholdings. Apolonio Bayle (Apolonio) also used both lots as collateral for a P20,000.00 loan they obtained from the Galera Spouses.^[11]

In December 2002, after the death of Benita and Charing Bayle, Apolonio allegedly offered to sell the two (2) lots to Teresita Galera and her daughter, Elsie, for P100,000.00.^[12] Yet, the sale was not consummated. It was not until two (2) years later, long after Apolonio had died, that his son Romeo again offered to sell the lots to Elsie for P150,000.00. Elsie, for her part, made a counter-offer of P100,000.00.^[13]

Eventually, Romeo agreed to sell the properties to the Galera Spouses, through their daughter Elsie, for P150,000.00. Of that amount, P125,000.00 would be given on June 15, 2005. while the remaining balance would be paid before the end of December 2005.^[14]

However, on June 13, 2005, Romeo allegedly canceled the sale. A few days later, Elsie learned from Nelly Dela Cruz-Franco (Nelly) herself that it was her and her husband to whom Romeo had sold the two (2) lots for P150,000.00. The sale was embodied in a July 19, 2005 Extra-Judicial Adjudication of Real Property with Absolute Sale^[15] that Romeo executed in favor of the Franco Spouses. In the document, Romeo declared that he was the sole heir of the Bayle Spouses and his aunt Benita.^[16]

The Galera Spouses immediately brought the matter to the Legal Division of the Provincial Land Reform Office in Bangued, Abra. However, the parties failed to reach an amicable settlement,^[17] hence the Complaint.

The Galera Spouses prayed, among others, that: (1) as agricultural tenants, they be allowed to redeem the two (2) lots from the Franco Spouses; and (2) the Franco Spouses be ordered to reconvey the lots to them.^[18]

In their Answer, the Franco Spouses, Larry, and Romeo argued that the Galera Spouses, not being parties to the sale, had no cause of action against them. They further pointed out that the Galera Spouses were merely caretakers and had no tenancy relationship with the Bayle Spouses, and as such, had no right of redemption available to agricultural tenants under Section 12 of Republic Act No. 3844. Lastly, they argued that the alleged mortgage of the lots was unenforceable, as it failed to comply with the Statute of Frauds.^[19]

On December 28, 2005, the Regional Adjudicator rendered a Decision^[20] in the Galera Spouses' favor. He found that the Galera Spouses had a tenancy relationship with the Bayle Spouses, making them entitled to the right of redemption, with P150,000.00 as the reasonable price.^[21]

Accordingly, the Regional Adjudicator ordered that the tax declarations in Benita and the Bayle Spouses' favor be canceled, and new ones be issued to the Galera Spouses. He also ordered the Franco Spouses, Larry, and Romeo to preserve the Galera Spouses' "peaceful possession, occupation[,], and cultivation"^[22] over the lots. Lastly, he declared the Extra-Judicial Adjudication of Real Property with Absolute Sale as having no force and effect.^[23]

The Franco Spouses, Larry, and Romeo appealed before the Department of Agrarian Reform Adjudication Board Central Office.^[24]

In its January 29, 2009 Decision,^[25] the Department of Agrarian Reform Adjudication Board reversed the Regional Adjudicator's Decision. It ruled that the Galera Spouses failed to prove that they were the lots' tenants, as they had failed to establish the elements of agricultural tenancy, namely the landowners' consent and

a sharing arrangement over the produce. Hence, it declared that the Galera Spouses were not entitled to redeem the lots.^[26]

The Galera Spouses filed a Motion for Reconsideration, which the Department of Agrarian Reform Adjudication Board later denied in its June 28, 2010 Resolution.^[27] Hence, they appealed before the Court of Appeals.^[28]

In a June 22, 2012 Decision,^[29] the Court of Appeals reversed the Department of Agrarian Reform Adjudication Board's rulings. Reinstating the Regional Adjudicator's Decision, it ruled that the Regional Adjudicator was in a better position to examine the parties' claims as he was located in the locality where the dispute arose and directly heard the parties and examined the evidence presented.^[30]

Akin to the Regional Adjudicator, the Court of Appeals found sufficient evidence that a tenancy relationship existed between the Galera and Bayle Spouses.^[31] It held that the Galera Spouses, through their witnesses' statements, proved all the elements of a tenancy relationship.^[32]

Moreover, the Court of Appeals cited *Santos v. vda. de Cerdenola*,^[33] where it was held that an implied contract of tenancy exists when a landholder allows another to till his or her land for six (6) years.^[34]

Applying *Santos*, the Court of Appeals noted that the Galera Spouses had since 1990 been tilling the lot, the harvest shares of which had been delivered to the Bayle Spouses, and later to their heirs, through Romeo. This, the Court of Appeals ruled, showed that even if Apolonio did not authorize Benita to make the Galera Spouses tenants, the Bayles knew of and consequently ratified the transaction entered into by Benita and the Galera Spouses.^[35] As such, the Court of Appeals ruled that the Galera Spouses, as agricultural tenants, had the right to redeem the property.^[36]

The Franco Spouses moved for reconsideration, but their Motion was denied by the Court of Appeals in a January 7, 2013 Resolution.^[37]

Hence, the Franco Spouses, Larry, and Romeo filed this Petition against the Galera Spouses.^[38]

Petitioners argue that while the case involves factual issues, this Court may still review it in view of the lower tribunals' conflicting positions: the Regional Adjudicator and the Court of Appeals on one hand, and the Department of Agrarian Reform Adjudication Board on the other.^[39]

Petitioners add that the Court of Appeals limited its discussions only to respondents' evidence, overlooking petitioners' evidence which consist of several third-party sworn statements attesting to a certain Joel Bacud as the lots' tenant.^[40] Petitioners submit that their pieces of evidence are more credible and corroborative on the material points of the case.^[41]

Petitioners also argue that when there is no agreed sharing system, the "mere receipt of the landowner of the produce of the land cannot be considered as proof of

tenancy relationship."^[42] They assert that *Santos* does not apply here, and instead advance *Reyes v. Joson*^[43] and *Heirs of Magpily v. De Jesus*,^[44] in which this Court ruled that parties must have a clear intent to create a tenancy relationship; it cannot simply be assumed.^[45]

In their Comment,^[46] respondents argue that petitioners raise a factual issue not covered by Rule 45 of the Rules of Court.^[47] Moreover, they claim that petitioners merely restated the same factual and legal arguments already passed upon by the Court of Appeals.^[48]

In their Reply,^[49] petitioners reiterate their argument that a review of the Court of Appeals' factual findings is necessary. They again reason that the Court of Appeals failed to consider petitioners' evidence, relying only on respondents' evidence. They insist that theirs is more credible.^[50]

Hence, the issues for this Court's resolution are:

First, whether or not a factual review of the Court of Appeals Decision is appropriate under Rule 45 of the Rules of Court; and

Second, whether or not the Court of Appeals erred in reversing the Department of Agrarian Reform Adjudication Board's Decision and reinstating the Regional Adjudicator's Decision finding respondent Spouses Macario Galero, Jr. and Teresita Legaspina to be agricultural tenants and, therefore, entitled to legal redemption.

This Court affirms the Court of Appeals Decision. The Petition should be denied.

I

This Court agrees with respondents that the Petition raises questions of fact outside the scope of a petition for review on certiorari under Rule 45 of the Rules of Court. Whether a person is an agricultural tenant is a question of fact, not law.

In *Pascual v. Burgos*,^[51] this Court emphasized that it does not entertain factual questions in a petition for review because the lower courts' factual findings are considered final, binding, or conclusive on the parties and on this Court when these are supported by substantial evidence. These findings are not to be disturbed on appeal.^[52]

Nonetheless, there are 10 recognized exceptions to this rule:

- (1) When the conclusion is a finding grounded entirely on speculation, surmises or conjectures;
- (2) When the inference made is manifestly mistaken, absurd or impossible;
- (3) Where there is a grave abuse of discretion;
- (4) When the judgment is based on a misapprehension of facts;
- (5) When the findings of fact are conflicting;
- (6) When the Court of Appeal, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee;
- (7) The findings of the Court of Appeals are contrary to those of the trial court;
- (8) When the findings of fact are conclusions without citation of

specific evidence on which they are based; (9) When the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondents: and (10) The finding of fact of the Court of Appeals is premised on the supposed absence of evidence and is contradicted by the evidence on record.^[53] (Citations omitted)

However, the mere allegation of any of the exceptions does not suffice. Exceptions must be "alleged, substantiated, and proved by the parties so this [C]ourt may evaluate and review the facts of the case."^[54] Parties cannot simply assert an exception as applicable without substantiating and proving their claim.

In this case, petitioners merely allege that the Court of Appeals Decision conflicted with the Department of Agrarian Reform Adjudication Board's Decision. They admit that the main issue of whether there was a tenancy relationship is factual, but still insist that this Court may resolve it by way of exception.^[55] Petitioners cite *Rosario v. PCI Leasing and Finance, Inc.*,^[56] where this Court listed the exceptions to the rule that factual issues are beyond the scope of a petition for review.^[57]

Petitioners have not demonstrated how these conflicting decisions would warrant this Court's review of the Court of Appeals' factual findings. They have not substantiated, much less proven, that an exception should apply to their case. All they have done was to plead a ground for exception and pray that this Court exercise its discretionary power to review the factual issues they raised. This cannot be done. On this ground alone, the Petition should be denied.

II

Nevertheless, the Petition fails even on substantive grounds.

Agricultural tenancy laws in the Philippines have evolved throughout centuries and are tied with the country's history. Prior to the Spanish colonization, lands were held in common by inhabitants of barangays. Access to land and the fruits it produced were equally shared by members of the community.

This system of communal ownership, however, was replaced by the regime of private ownership of property.^[58] When the Spaniards arrived, they purchased communal lands from heads of the different barangays and registered the lands in their names. With the regalian doctrine imposed, uninhabited lands were decreed to be owned by the Spanish crown. Consequently, the *encomienda* system was introduced, in which the Spanish crown awarded tracts of land to *encomenderos*, who acted as caretakers of the *encomienda*.^[59] Under this system, natives could not own either the land they worked on or their harvest. To till the land, they had to pay tribute to their *encomenderos*.^[60]

Encomiendas mostly focused on small-scale food production, until the *hacienda* system was developed to cater to the international export market. Still, natives were not allowed to own land, and the larger demand by the wider market required them to live away from their homes. Families of natives who worked on farms were reduced to being slaves pushed into forced labor either as *aliping namamahay* or *aliping sagigilid*.^[61]