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SECOND DIVISION

[G.R. No. 175098, August 26, 2015]

ISMAEL V. CRISOSTOMO, PETITIONER, VS. MARTIN P. VICTORIA, RESPONDENT.

DECISION

LEONEN, J.:

This resolves a Petition for Review on Certiorari under Rule 45 of the 1997 Rules of Civil Procedure praying that the July 31, 2006 Decision[1] and the October 20, 2006 Resolution[2] of the Court of Appeals Eighth Division in CA-G.R. SP No. 94107 be reversed and set aside, and that the April 4, 2005 Decision[3] and March 17, 2006 Resolution[4] of the Department of Agrarian Reform Adjudication Board be reinstated.

The assailed July 31, 2006 Decision of the Court of Appeals reversed and set aside the April 4, 2005 Decision and March 17, 2006 Resolution of the Department of Agrarian Reform Adjudication Board. It recognized respondent Martin P. Victoria (Victoria) as the bona fide tenant of a parcel of riceland owned by petitioner Ismael V. Crisostomo (Crisostomo). The assailed October 20, 2006 Resolution of the Court of Appeals denied Crisostomo's Motion for Reconsideration.

The April 4, 2005 Decision and March 17, 2006 Resolution of the Department of Agrarian Reform Adjudication Board sustained the April 7, 2003 Decision[5] of the Office of the Provincial Agrarian Reform Adjudicator of Bulacan, which ruled in favor of Crisostomo in his action to eject Victoria from the subject riceland.

In a Complaint for Ejectment filed before the Office of the Provincial Agrarian Reform Adjudicator of Bulacan, Crisostomo alleged that he, along with his deceased brother Jose Crisostomo, were the registered owners of a parcel of riceland with an area of 562,694 square meters. This was covered by Transfer Certificate of Title No. T-68421 and located in Sta. Barbara, Baliuag, Bulacan. On June 21, 1973, he and his brother allegedly entered into a lease contract with David Hipolito (Hipolito) over a portion of the riceland (disputed portion). The contract was supposedly in effect until Hipolito's death on December 2, 1999. As Hipolito died without any known heirs, Crisostomo was set to reclaim possession and to take over cultivation of the disputed portion. However, in January 2000, Victoria entered the disputed portion and began cultivating it without the knowledge and consent of Crisostomo. Crisostomo confronted Victoria, who insisted that he had tenancy rights over the disputed portion.[6]

In his Answer, Victoria claimed that Hipolito was his uncle. He alleged that even during the lifetime of Hipolito, it was he who was doing farmwork on the disputed portion and that he did so with Crisostomo's knowledge. He added that from the

time Hipolito became bedridden, it was he who performed all duties pertaining to tenancy, including the delivery of lease rentals and corresponding shares in the harvest to Crisostomo. He asserted that Crisostomo's act of receiving lease rentals from him amounted to implied consent, which gave rise to a tenancy relationship between them.[7]

In its April 7, 2003 Decision,[8] the Office of the Provincial Agrarian Reform Adjudicator of Bulacan ruled in favor of Crisostomo and ordered Victoria, together with all persons claiming rights under him, to vacate the disputed portion and surrender its possession to Crisostomo.[9]

The Office of the Provincial Agrarian Reform Adjudicator, noting that the essential element of consent was absent, held that Victoria could not be deemed the tenant of the disputed portion. It further held that implied tenancy could not arise in a situation where another person is validly instituted as tenant and is enjoying recognition as such by the landowner.[10]

In its April 4, 2005 Decision,[11] the Department of Agrarian Reform Adjudication Board denied Victoria's Appeal. In its March 17, 2006 Resolution,[12] it denied Victoria's Motion for Reconsideration.

In its assailed July 31, 2006 Decision,[13] the Court of Appeals Eighth Division reversed the rulings of the Office of the Provincial Agrarian Reform Adjudicator of Bulacan and of the Department of Agrarian Reform Adjudication Board. It recognized Victoria as bona fide tenant of the disputed portion.

The Court of Appeals reasoned that "Hipolito, as the legal possessor, could legally allow [Victoria] to work and till the landholding"[14] and that Crisostomo was bound by Hipolito's act. It added that Crisostomo "had been receiving his share of the harvest from [Victoria], as evidenced by the numerous receipts indicating so."[15] It emphasized that "[t]he receipts rendered beyond dispute [Victoria's] status as the agricultural tenant on the landholding."[16] It further noted that as an agricultural tenant, Victoria was entitled to security of tenure who, absent any of the grounds for extinguishing agricultural leasehold relationships, "should not be deprived of but should continue his tenancy on the landholding."[17]

In its assailed October 20, 2006 Resolution,[18] the Court of Appeals Eighth Division denied Crisostomo's Motion for Reconsideration.

Hence, this Petition was filed.

For resolution is the issue of whether respondent Martin P. Victoria is a bona fide tenant of the disputed portion.

I

Section 6 of Republic Act No. 3844, otherwise known as the Agricultural Land Reform Code, identifies the recognized parties in an agricultural leasehold relation:

> SECTION 6. *Parties to Agricultural Leasehold Relation*. — The agricultural leasehold relation shall be limited to the person who furnishes the landholding, either as owner, civil law lessee, usufructuary, or legal possessor, and the person who personally cultivates the same.

Proceeding from Section 6 of the Agricultural Land Reform Code, the Court of Appeals capitalized on Hipolito's supposed status as "legal possessor" of the disputed portion, a status that was deemed to emanate from his having been the lessee. Thus, the Court of Appeals concluded that "Hipolito, as the legal possessor, could legally allow [respondent] to work and till the landholding"[19] thereby making respondent a tenant whose security of tenure petitioner must now respect.

The Court of Appeals is in error. Hipolito's status as the acknowledged tenant did not clothe him with the capacity to designate respondent as a tenant.

This court has settled that tenancy relations cannot be an expedient artifice for vesting in the tenant rights over the landholding which far exceed those of the landowner. It cannot be a means for vesting a tenant with security of tenure, such that he or she is effectively the landowner.

Even while agrarian reform laws are pieces of social legislation, landowners are equally entitled to protection. In *Calderon v. Dela Cruz*:[20]

> It is true that RA 3844 is a social legislation designed to promote economic and social stability and must be interpreted liberally to give full force and effect to its clear intent. This liberality in interpretation, however, should not accrue in favor of actual tillers of the land, the tenant- farmers, but should extend to landowners as well. . . . *The landowners deserve as much consideration as the tenants themselves in order not to create an economic dislocation, where tenants are solely favored but the landowners become impoverished*.[21] (Emphasis supplied, citation omitted)

In *Valencia v. Court of Appeals*,[22] this court grappled with the consequences of a lessee's employment of farmhands who subsequently claimed the status of tenants. Insisting on a tenant's right to security of tenure, these farmhands refused to vacate and surrender possession of the subject land despite the landowner's demands:

> Contrary to the impression of private respondents, Sec. 6 of R.A. No. 3844, as amended, does not automatically authorize a civil law lessee to employ a tenant without the consent of the landowner. The lessee must be so specifically authorized. For *the right to hire a tenant is basically a personal right of a landowner, except as may he provided by law*. But certainly nowhere in Sec. 6 does it say that a civil law lessee of a landholding is automatically authorized to install a tenant thereon. *A different interpretation would create a perverse and absurd situation where a person who wants to be a tenant, and taking advantage of this perceived ambiguity in the law, asks a third person to become a civil law lessee of the landowner. Incredibly, this tenant would technically have a better right over the property than the landowner himself. This tenant would then gain security of tenure, and eventually become owner of the land by operation of law*. This is most unfair to the hapless and

> unsuspecting landowner who entered into a civil law lease agreement in good faith only to realize later on that he can no longer regain possession of his property due to the installation of a tenant by the civil law lessee.
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> On the other hand, under the express provision of Art. 1649 of the Civil Code, the lessee cannot assign the lease without the consent of the lessor, unless there is a stipulation to the contrary. In the case before us, not only is there no stipulation to the contrary; the lessee is expressly prohibited from subleasing or encumbering the land, which includes installing a leasehold tenant thereon since the right to do so is an attribute of ownership. Plainly stated therefore, a contract of civil law lease can prohibit a civil law lessee from employing a tenant on the land subject matter of the lease agreement. An extensive and correct discussion of the statutory interpretation of Sec. 6 of R.A. No. 3844, as amended, is provided by the minority view in *Bernas v. Court of Appeals*. [23] (Emphasis supplied)

As explained in *Valencia*, Section 6 of the Agricultural Land Reform Code was not designed to vest in the enumerated persons—the owner, civil law lessee, usufructuary, or legal possessor—a capacity that they did not previously have. Stated otherwise, Section 6 was not the enabling legislation that, from the moment of its adoption, was to "allow"[24] them, as the Court of Appeals posits, to furnish landholding to another who shall personally cultivate it, thereby making that other person a tenant.

Valencia explained that Section 6 of the Agricultural Land Reform Code is a subsequent restatement of a "precursor"[25] provision: Section 8 of Republic Act No. 1199. This precursor reads:

> SECTION 8. *Limitation of Relation*. — The relation of landholder and tenant shall be limited to the person who furnishes land, either as owner, lessee, usufructuary, or legal possessor, and to the person who actually works the land himself with the aid of labor available from within his immediate farm household.

Valencia noted that Section 8 assumed a pre-existing tenancy relation. From its epigraph "Limitation of Relation," the import and effect of Section 8 is not to enable or (to use the word of the Court of Appeals) to "allow" the persons enumerated to make a tenant of another person. Rather, it is simply to settle that whatever relation exists, it shall be limited to two persons only: first, the person who furnished the land; and second, the person who actually works the land. "Once the tenancy relation is established, the parties to that relation are limited to the persons therein stated."[26]

As it was with the precursor, Section 8 of Republic Act No. 1199, so it is with Section 6 of the Agricultural Land Reform Code:

> Section 6 as already stated simply enumerates who are the parties to an existing contract of agricultural tenancy, which presupposes that a tenancy already exists. It does not state that those who furnish the landholding, i.e., either as owner, civil law lessee, usufructuary, or legal possessor, are automatically authorized to employ a tenant on the

> landholding. The reason is obvious. The civil lease agreement may be restrictive. Even the owner himself may not be free to install a tenant, as when his ownership or possession is encumbered or is subject to a lien or condition that he should not employ a tenant thereon. This contemplates a situation where the property may be intended for some other specific purpose allowed by law, such as, its conversion into an industrial estate or a residential subdivision.[27]

Limiting the relation to these two persons, as well as preventing others from intruding into this relation, is in keeping with the rationale for adopting Section 6 of the Agricultural Land Reform Code:

> According to Mr. Justice Guillermo S. Santos and CAR Executive Judge Artemio C. Macalino, respected authorities on agrarian reform, the reason for Sec. 6 of R.A. No. 3844 and Sec. 8 of R.A. No. 1199 in limiting the relationship to the lessee and the lessor is to "discourage absenteeism on the part of the lessor and the custom of co-tenancy" under which "the tenant (lessee) employs another to do the farm work for him, although it is he with whom the landholder (lessor) deals directly. Thus, under this practice, the one who actually works the land gets the short end of the bargain, for the nominal or 'capitalist' lessee hugs for himself a major portion of the harvest." This breeds exploitation, discontent and confusion. . . . The *kasugpong, kasapi*, or *katulong* also works at the pleasure of the nominal tenant. When the new law, therefore, limited tenancy relation to the landholder and the person who actually works the land himself with the aid of labor available from within his immediate farm household, it eliminated the nominal tenant or middleman from the picture.
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> Another noted authority on land reform, Dean Jeremias U. Montemayor, explains the rationale for Sec. 8 of R.A. No. 1199, the precursor of Sec. 6 of R.A. No. 3844:
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> > Since the law establishes a special relationship in tenancy with important consequences, it properly pinpoints the persons to whom said relationship shall apply. The spirit of the law is to prevent both landholder absenteeism and tenant absenteeism. Thus, it would seem that the discretionary powers and important duties of the landholder, like the choice of crop or seed, cannot be left to the will or capacity of an agent or overseer, just as the cultivation of the land cannot be entrusted by the tenant to some other people. Tenancy relationship has been held to be of a personal character.[28] (Citations omitted)

The Court of Appeals banks on the following statement made by this court in its 1988 Decision in *Co v. Intermediate Appellate Court*:[29]

> As long as the legal possessor of the land constitutes a person as a tenant-farmer by virtue of an express or implied lease, such an act is binding on the owner of the property even if he himself may not have given his consent to such an arrangement. This is settled jurisprudence. The purpose of the law is to protect the tenant-farmer's security of