585 Phil. 598

THIRD DIVISION

[G.R. No. 176942, August 28, 2008]

NICORP MANAGEMENT AND DEVELOPMENT CORPORATION, PETITIONER, VS. LEONIDA DE LEON, RESPONDENT.

[G.R. NO. 177125]

SALVADOR R. LIM, PETITIONER, VS. LEONIDA DE LEON,RESPONDENT.

D E C I S I O N

YNARES-SATIAGO, J.:

These consolidated petitions assail the November 8, 2006 Decision[1] of the Court of Appeals in CA-G.R. SP No. 92316, finding respondent Leonida de Leon as a bonafide tenant of the subject property, thereby reversing and setting aside the Decision of the Department of Agrarian Reform Adjudication Board (DARAB) in DARAB Case No. 13502[2] which affirmed the Decision[3] of the Regional Adjudicator in DARAB Case No. 0402-031-03. Also assailed is the March 1, 2007 Resolution[4] denying the motions for reconsideration.

On August 26, 2004, respondent filed a complaint before the Office of the Provincial Agrarian Reform Adjudicator (PARAD) of Region IV- Province of Cavite, praying that petitioners Salvador R. Lim and/or NICORP Management and Development Corporation (NICORP) be ordered to respect her tenancy rights over a parcel of land located in Barangay Mambog III, Bacoor, Cavite, registered under TCT No. T-72669 in the name of Leoncia De Leon and Susana De Leon Loppacher (De Leon sisters), who were likewise impleaded as parties-defendants in the suit.

Respondent alleged that she was the actual tiller and cultivator of the land since time immemorial with full knowledge and consent of the owners, who were her sisters-in-law; that sometime in 2004, petitioners circulated rumors that they have purchased the property from the De Leon sisters; that petitioners ignored respondent's requests to show proof of their alleged ownership; that on August 12, 2004, petitioners entered the land and uprooted and destroyed the rice planted on the land and graded portions of the land with the use of heavy equipment; that the incident was reported to the Municipal Agrarian Reform Office (MARO) which issued a Cease and Desist Order[5] but to no avail.

Respondent thus prayed that petitioners be ordered to respect her tenancy rights over the land; restore the land to its original condition and not to convert the same to non-agricultural use; that any act of disposition of the land to any other person be declared null and void because as a tenant, she allegedly had a right of pre-emption or redemption over the land; and for actual damages and attorney's fees. [6]

Petitioner Lim denied that respondent was a tenant of the subject property under the Comprehensive Agrarian Reform Program (CARP). He alleged that respondent is a septuagenarian who is no longer physically capable of tilling the land; that the MARO issued a certification[7] that the land had no registered tenant; that respondent could not be regarded as a landless tiller under the CARP because she owns and resides in the property adjacent to the subject land which she acquired through inheritance; that an Affidavit of Non-Tenancy[8] was executed by the De Leon sisters when they sold the property to him.

Moreover, Lim claimed that respondent and her family surreptitiously entered the subject land and planted a few crops to pass themselves off as cultivators thereof; that respondent tried to negotiate with petitioner Lim for the sale of the land to her, as the latter was interested in entering into a joint venture with another residential developer, which shows that respondent has sufficient resources and cannot be a beneficiary under the CARP; that the land is no longer classified as agricultural and could not thus be covered by the CARP. Per certification issued by the Office of the Municipal Planning and Development Coordinator of Bacoor, Cavite, the land is classified as residential pursuant to a Comprehensive Land Use Plan approved by the Sangguniang Panlalawigan.[9]

For its part, petitioner NICORP asserted that it was not a proper party to the suit because it has not actually acquired ownership of the property as it is still negotiating with the owners. However, it joined in petitioner Lim's assertion that respondent is not a qualified tenant; and that the subject land could not be covered by the CARP since it is below the minimum retention area of five hectares allowed under the program.[10] Eventually, NICORP purchased the subject property from Lim on October 19, 2004.[11]

The De Leon sisters did not file a separate answer to respondent's complaint.

Meanwhile, Provincial Adjudicator Teodoro A. Cidro, to whom the case was assigned, died. Thus, the case was referred to the Office of the Regional Agrarian Reform Adjudicator (RARAD) for resolution.

In compliance with the directive of the RARAD, respondent submitted as evidence an Extra-Judicial Settlement of Estate[12] dated February 20, 1989 to prove that, as a result of her relationship with her sisters-in-law, she was made a tenant of the land; a tax declaration[13] showing that the land was classified as irrigated riceland; several affidavits[14] executed by farmers of adjacent lands stating that respondent and her family were tenants-farmers on the subject land; and several documents and receipts[15] to prove the agricultural activities of respondent and her family.

Respondent likewise submitted a handwritten letter[16] of Susana De Leon addressed to respondent's daughter Dolores, showing that the former purportedly acknowledged respondent's son, Rolando, as the legitimate tenant-lessee on the land. However, Rolando died on September 1, 2003 as evidenced by his death certificate.[17]

On December 6, 2004, the RARAD rendered a Decision dismissing the complaint for

failure of respondent to prove by substantial evidence all the requisites of an agricultural tenancy relationship.[18] There was no evidence to show that the De Leon sisters constituted respondent as tenant-lessee on the land; neither was it proved that there was sharing of harvests with the landowner.

The DARAB affirmed the decision of the RARAD.[19]

On appeal, the Court of Appeals reversed and set aside the findings of the RARAD/DARAB stating that there was sufficient evidence to prove the elements of an agricultural tenancy relationship; that the letter of Susana De Leon to Dolores clearly acknowledged respondent's son, Rolando, as a tenant, as well as respondent's share in the proceeds of the sale of the land; and that the sharing of produce was established by the affidavits of neighboring farmers that were not controverted by petitioners.

The appellate court further held that the reclassification of the land by the Sangguniang Panlalawigan as residential cannot be given weight because it is only the Department of Agrarian Reform (DAR) that can reclassify or convert an agricultural land to other uses or classifications; and that the sale of the land by the De Leon sisters to petitioner Lim is void because it violated Section 70 of Republic Act (R.A.) No. 6657[20] or the Comprehensive Agrarian Reform Law (CARL).

Petitioners filed a motion for reconsideration but it was denied.[21] Hence, petitioners Lim and NICORP separately filed petitions under Rule 45 of the Rules of Court, which were consolidated per resolution of the Court dated June 4, 2007.[22]

Petitioners allege that respondent failed to prove by substantial evidence all the elements of a tenancy relationship; hence the Court of Appeals erred in finding that respondent has tenancy rights over the subject land.

The petitions are meritorious.

There is a tenancy relationship if the following essential elements concur: 1) the parties are the landowner and the tenant or agricultural lessee; 2) the subject matter of the relationship is an agricultural land; 3) there is consent between the parties to the relationship; 4) the purpose of the relationship is to bring about agricultural production; 5) there is personal cultivation on the part of the tenant or agricultural lessee; and 6) the harvest is shared between landowner and tenant or agricultural lessee.[23] All the foregoing requisites must be proved by substantial evidence and the absence of one will not make an alleged tenant a *de jure* tenant.[24] Unless a person has established his status as a *de jure* tenant, he is not entitled to security of tenure or covered by the Land Reform Program of the Government under existing tenancy laws.[25]

In the instant case, there is no substantial evidence to support the appellate court's conclusion that respondent is a *bona fide* tenant on the subject property. Respondent failed to prove the third and sixth elements cited above. It was not shown that the De Leon sisters consented to a tenancy relationship with respondent who was their sister-in-law; or that the De Leon sisters received any share in the harvests of the land from respondent or that the latter delivered a proportionate

share of the harvest to the landowners pursuant to a tenancy relationship.

The letter of Susana De Leon to Dolores, which allegedly proved consent of the De Leon sisters to the tenancy arrangement, partially reads:

> Nuong ako ay nandiyan, hindi nagkaayos ang bukid kasi ang iyong Kuya Roly ay ayaw na si Noli ang ahente. Pero bago ako umalis ay nagkasundo kami ni Buddy Lim (Salvador) na aayusin niya at itutuloy ang bilihan at siya ang bahala sa Kuya Roly mo.
>
> Kaya nagkatapos kami at ang kasama ng Kuya mo ngayon ay si Buddy Lim. Ang pera na para sa kasama ay na kay Buddy Lim. Ang kaparte ng Nanay Onching (Leoncia) mo ay nasa akin ang karamihan at ako na ang mag-aasikaso.

The Court cannot agree with the appellate court's conclusion that from the tenor of the letter, it is clear that Susana acknowledged respondent's deceased son as "kasama" or tenant, and recognized as well respondent's share in the proceeds of the sale, thus proving the existence of an implied leasehold relations between the De Leon sisters and respondent.[26] The word "kasama" could be taken in varying contexts and not necessarily in relation to an agricultural leasehold agreement. It is also unclear whether the term "kasama" referred to respondent's deceased son, Rolando, or some other person. In the first sentence of the second paragraph, the word "kasama" referred to petitioner Lim while the second sentence of the same paragraph, did not refer by name to Rolando as "kasama."

Likewise, "Nanay Onching," as mentioned in the letter, referred to Leoncia, one of the De Leon sisters, on whose behalf Susana kept part of the proceeds of the sale, and not herein respondent as understood by the Court of Appeals, who had no right to such share. It is Leoncia who co-owned the property with Susana and who is therefore entitled to a part of the sale proceeds.

Significantly, respondent was not mentioned at all in Susana's letter, but only her son, Rolando. However, even if we construe the term "kasama" as pertaining to Rolando as a tenant of the De Leon sisters, respondent will not necessarily be conferred the same status as tenant upon her son's death. A direct ascendant or parent is not among those listed in Section 9 of Republic Act No. 3844 which specifically enumerates the order of succession to the leasehold rights of a deceased or incapacitated agricultural tenant, to wit:

> In case of death or permanent incapacity of the agricultural lessee to work his landholding, the leasehold shall continue between the agricultural lessor and the person who can cultivate the landholding personally, chosen by agricultural lessor within one month from such death or permanent incapacity, from among the following: a) the surviving spouse; b) the eldest direct descendant by consanguinity; or (c) the next eldest descendant or descendants in the order of their age. x x x *Provided, further* that in the event that the agricultural lessor fails to exercise his choice within the period herein provided, the priority shall be in accordance with the order herein established.

There is no evidence that the De Leon sisters consented to constitute respondent as their tenant on the subject land. As correctly found by the RARAD/DARAB, even the