555 Phil. 235

THIRD DIVISION

[G. R. NO. 154481, July 27, 2007]

DOLORES GRANADA, PETITIONER, VS. BORMAHECO, INC., REPRESENTED BY ITS BRANCH MANAGER, HERNANE LOZANES, RESPONDENT.

D E C I S I O N

CHICO-NAZARIO, J.:

This is a Petition for Review on *Certiorari* under Rule 45 of the 1997 Rules of Court, as amended, seeking to set aside a Decision[1] of the Court of Appeals dated 12 April 2002 in CA-G.R. SP No. 46502 declaring that the petitioner, Dolores Granada, is not an agricultural lessee of the subject land and may be ejected therefrom. The Court of Appeals, in its assailed Decision, reversed the Decision[2] of the Department of Agrarian Reform Adjudication Board (DARAB) dated 11 July 1997 in DARAB Case No. 0564.

The petition at bar arose from a Petition for *Status Quo* with Prayer for the Issuance of a Preliminary Injunction, filed on 8 November 1989 before the Provincial Agrarian Reform Adjudicator (PARAD) in Bacolod City and docketed as DARAB Case No. 379, wherein petitioner sought to prevent respondent Border Machinery and Heavy Equipment Co., Inc. (BORMAHECO) from ejecting her from a parcel of land, with an area of 2.5 hectares and with 300 coconut trees growing on subject property. The subject property, owned by the respondent, is situated at Lot No. 641-A, Punta-Taytay, Bacolod City, registered under Transfer Certificate of Title (TCT) No. T-27970, under the name of the respondent.[3]

Petitioner alleges that as early as 1950, her father, Alfredo Granada, was the agricultural lessee of the subject property, which was then owned by Augusto Villarosa. When Augusto Villarosa sold the subject property to respondent in 1965, she claims that Alfredo Granada continued to occupy the subject property as an agricultural lessee until his death in 1981. Thereafter, petitioner succeeded to her father's rights as an agricultural lessee. Since then, she had cultivated the subject property and paid all rent due thereon.[4] While the subject property was in her possession, she produced *tuba* or coconut wine from the coconuts that were harvested from the property.[5]

Both parties stipulated that on 21 August 1984, petitioner and respondent executed a Contract of Lease which provided that the lease covered the coconut trees growing on the subject property. However, the following were enumerated, among other things, as the duties of the petitioner as lessee:[6]

> 3. That the LESSEE hereby undertakes to take care of the leased premises or coconuts with the deligence (sic) of a good father of

the family, to fertilize the same if and when necessary, to apply proper insecticides or fungicides for proper pest and disease control and to replace old or worn out trees with new plantings of coconuts.

The terms of the aforestated lease contract also implied that it was the petitioner and her relatives, and not the respondent, who were in actual possession of the subject land, with the knowledge, or even the implied consent, of the respondent:[7]

> 7. That **the LESSEE** admits having allowed, without permission from the LESSOR, her relatives (namely, spouses Romeo and Betty Sobigon and Spouses Juan and Nora Recodo, Jr.) to construct their houses on Lot No. 614-A, Bacolod Cadestre, and **binds and obliges herself on her coconut (sic) to cause their ejectment upon demand at any time by the LESSOR**; and the LESSEE further binds and obliges herself not to allow any other person or persons to construct any structure or house in any portion of the lease premises and to report immediately to the LESSOR any attempt or attempts of construction. (Emphasis provided.)

During the proceedings before the PARAD, petitioner formally offered evidence consisting of several receipts from 1965 to 1989 issued by respondent indicating that the payments were for "lot rentals." Only two receipts show that the payment was made for the lease of coconuts.[8] Petitioner also presented before the DARAB a Certification[9] by the Local Assessment Operations Officer, dated 17 January 1992, stating that the subject land was classified as "cocoland," and, therefore, agricultural in nature.

Respondent sent the petitioner a letter, dated 20 October 1989,[10] terminating the lease and demanding that the latter vacate the leased premises as of 30 October 1989, and pay the outstanding rental balance of ₱2,500.00.

Although respondent admits that the former owner, Augusto Villarosa, leased the land to Alfredo Granada, who planted coconut trees thereon before respondent bought the subject property in 1965, respondent avers, however, that on 29 September 1965, respondent and petitioner entered into a lease contract covering only the coconut trees growing on the subject property.[11]

Petitioner countered that the 29 September 1965 contract was spurious and that her signature therein was forged. She added that this document was introduced for the first time before the Court of Appeals.[12]

Respondent alleged that the subject property is not agricultural, but industrial or residential land since the real estate taxes it is paying thereon indicates that the property is industrial or residential. However, respondent failed to introduce as evidence any tax receipts.[13]

In a Decision, dated 14 May 1991, the PARAD decreed that no agricultural leasehold relationship existed between respondent and petitioner. It also found that there was no showing that the purpose of the lease was for agricultural production since rent was paid in terms of money and not crops, and that the contract of lease signed by the parties did not stipulate that the petitioner shall cultivate the subject property. It

further ruled that the subject property was not agricultural, but industrial or residential in nature.[14] The dispositive part of the said Decision reads:

> WHEREFORE, premises considered, judgment is hereby rendered in favor of the respondent and against the petitioner, to wit:
>
> 1. Ordering the ejectment of petitioner from Lot No. 641-A, covered by TCT No.-27970, situated at Punta-Taytay, Bacolod City and deliver possession thereof to the respondent;
>
> 2. Ordering petitioner to pay respondent the amount of ₱5,000.00 as attorney's fees.
>
> No pronouncement as to cost.[15]

On appeal, the DARAB, in its Decision dated 11 July 1997, reversed the PARAD Decision. It pronounced that the subject land was agricultural in nature as evidenced by the Certification issued by the Local Assessment Operations Officer, stating that the same was officially classified as "cocoland." It further declared that the written contract of lease, dated 21 August 1984, is not reflective of the true intent of the parties. Even though the contract stipulated that only the coconut trees were covered, the DARAB resolved that petitioner was in actual possession of the land and cultivated the same.[16] In its Decision, dated 11 July 1997, the DARAB decreed that:

> WHEREFORE, in the light of the foregoing, the appealed decision is hereby REVERSED and SET ASIDE, and a new one is entered as follows:
>
> 1. Declaring petitioner Dolores Granada the agricultural lessee of the subject landholding;
>
> 2. Directing the party litigants to reduce their tenancy relation into a written agricultural leasehold contract before the Municipal Agrarian Reform Officer (MARO) of Bacolod City taking into consideration the pertinent provisions of Section 34 of R.A. 3844, as amended, in relation to Section 12 of R.A. No. 6657 and pertinent rules and regulations thereon.[17]

Respondent then filed a Petition for *Certiorari* under Section 43 of the 1997 Rules of Court before the Court of Appeals, which, in a Decision dated 12 April 2002, reversed the DARAB Decision. It determined that the lease of the 300 coconut trees was a contract of lease of things, not an agricultural lease which guaranteed the petitioner security of tenure.[18] The dispositive part of the appellate court's Decision reads:

> WHEREFORE, finding merit in the appeal, the Court renders judgment REVERSING the appealed Decision and UPHOLDING the Decision of the Provincial Agrarian Reform Adjudicator with the modification that the contract between petitioner and respondent was one of contract of lease of things.[19]

Petitioner filed a Motion for Reconsideration, which was subsequently denied by the Court of Appeals in a Resolution dated 4 July 2002.[20]

Hence, this present Petition, wherein petitioner submits that the following errors were committed by the Court of Appeals in rendering its assailed Decision dated 12 April 2002[21]:

I

> THE ALLEGED CONTRACT OF LEASE DATED SEPTEMBER 29, 1965, RELIED UPON BY THE HONORALBE COURT OF APPEALS WAS NEVER PRESENTED AND OFFERED AS EVIDENCE IN THE ENTIRE PROCEEDINGS BEFORE THE PROVINCIAL AGRARIAN REFORM ADJUDICATION BOARD OF NEGROS OCCIDENTAL (PARAD) AND BEFORE THE DEPARTMENT AGRARIAN REFORM ADJUDICATION BOARD (DARAB). SAID ALLEGED CONTRACT OF LEASE DATED SEPTEMBER 29, 1965, WAS BROUGHT FORTH BY THE RESPONDENT ONLY FOR THE FIRST TIME ON APPEAL;

II

> THE PETITIONER SUCCEEDED AS AGRICULTURAL LESSEE OF THE SUBJECT PARCEL OF LAND AFTER THE DEATH OF HER FATHER IN 1981. SUCH SUCCESSION AS AGRICULTURAL LESSEE COVERS BOTH THE LAND AND THE STANDING COCONUT TREES; AND

III

> THE FINDINGS OF THE DEPARTMENT OF AGRARIAN REFORM ADJUDICATION BOARD (DARAB) THAT THE CONTRACT OF LEASE DID NOT REFLECT THE TRUE INTENTION OF THE PARTIES ARE SUPPORTED BY FACTS AND EVIDENCE.

The petition is meritorious.

While the general rule is that the factual findings of the Court of Appeals are entitled to respect and will not be disturbed except for compelling reasons, nonetheless, the lack of conclusiveness of the factual findings of the Court of Appeals, as well as the manifest contradiction between its factual findings and those of the DARAB, would impel this Court to re-examine the records of this case.[22]

The main issue in the present case is whether or not the petitioner is an agricultural leasehold tenant entitled to security of tenure.

Section 3 of Republic Act No. 1199 entitled, "The Agricultural Tenancy Act of the Philippines," which took effect on 30 August 1954, defined agricultural tenancy thus:

> Section 3. *Agricultural Tenancy Defined*.— Agricultural tenancy is the physical possession by a person of land devoted to agriculture belonging to, or legally possessed by, another for the purpose of production through the labor of the former and of the members of his immediate farm household, in consideration of which the former agrees to share the harvest with the latter, or to pay a price certain or ascertainable, either in produce or in money, or in both.

In a line of cases, this Court specified the essential requisites of an agricultural tenancy relationship as follows: (1) The parties are the landowner and the tenant or agricultural lessee; (2) The subject matter of the relationship is 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 the landowner and the tenant or agricultural lessee.[23]

Respondent alleges that several requisites of agricultural tenancy are absent in this case. It denies that the petitioner was an agricultural lessee. Moreover, it avers that the Contract of Lease dated 21 August 1984, clearly provides that the subject of the lease is not agricultural land, but rather the 300 coconut trees that are growing thereon. Lastly, it insists that there was no cultivation of the subject property nor any sharing of harvests therefrom.

Section 166 of Republic Act No. 3844, known as the "Agricultural Land Reform Act," which took effect on 8 August 1963, defines an agricultural lessee in the following manner:

> Sec. 166. Definition of Terms. —
>
> x x x x
>
> (2) "Agricultural lessee" means a person who, by himself and with the aid available from within his immediate farm household, cultivates the land belonging to, or possessed by, another with the latter's consent for purposes of production, for a price certain in money or in produce or both. It is distinguished from civil law lessee as understood in the Civil Code of the Philippines.

Based on the aforequoted definition for the petitioner to qualify as an agricultural lessee, it is required that she should cultivate the land with the consent of the landowner. In *Coconut Cooperative Marketing Association, Inc. (COCOMA) v. Court of Appeals*,[24] citing *Guerrero v. Court of Appeals*,[25] this Court specified the activities which are considered as "cultivation" of coconut lands.

> The definition of cultivation is not limited merely to the tilling, plowing or harrowing of the land. It includes the promotion of growth and the care of the plants, or husbanding the ground to forward the products of the earth by general industry. The raising of coconuts is a unique agricultural enterprise. Unlike rice, the planting of coconut seedlings does not need harrowing or plowing. Holes are merely dug on the ground of sufficient depth and distance, the seedlings placed in the holes and the surface thereof covered by soil. Some coconut trees are planted only every thirty to a hundred years. The major work in raising coconuts begins when the coconut trees are already fruit bearing. Then it is cultivated by smudging or smoking the plantation, taking care of the coconut trees, applying fertilizer, weeding and watering, thereby increasing the produce. x x x.

It is undisputable that the petitioner cultivated the land with the consent of the respondent. The Contract of Lease, dated 21 August 1984, executed by both parties, unequivocally stipulated that the petitioner perform the same acts of cultivation that were particularly described in the aforecited case. Under Section 3 of the