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SECOND DIVISION

[G.R. No. 128534, August 13, 2004]

VHJ CONSTRUCTION and DEVELOPMENT CORPORATION, represented by its President, VICENTE D. HERCE, JR., petitioner, vs. COURT OF APPEALS, DEPARTMENT OF AGRARIAN REFORM ADJUDICATION BOARD, GELACIO BATARIO, and MARTIN BATARIO, respondents.

D E C I S I O N

CALLEJO, SR., J.:

Before us is a petition for review on certiorari under Rule 45 of the Rules of Court of the Resolution of the Court of Appeals dated November 27, 1996[1] which dismissed VHJ Construction and Development Corporation's petition for review on the ground that the certification of non-forum shopping in said petition was signed not by the petitioner but by its counsel of record, as well as the subsequent Resolution dated March 6, 1997[2] which denied petitioner's motion for reconsideration.

The antecedent facts of the case are as follows:

Petitioner VHJ Construction and Development Corporation was the owner in fee simple of two (2) adjacent parcels of sugarland covered by Transfer Certificate of Title (TCT) No. T-97535 with an area of 30,123 square meters; and, TCT No. T-97536, measuring 17,424 square meters, situated in Barangays Banay-Banay and Pulo, Cabuyao, Laguna, respectively.[3]

On October 24, 1988, the petitioner entered into a one-year lease contract with Sinforoso Entredicho over the parcels of land for an annual rental of P12,000.00. Entredicho issued an Allied Banking Corporation check in favor of the petitioner for the said amount.[4] The parties agreed that no tenancy relationship exist between the two of them.[5]

During the period of the lease, Entredicho allowed Gelacio and Martin Batario, the private respondents herein, to work on the land.[6] Entredicho received his share of the produce from the private respondents. The lease contract between Entredicho and the petitioner was, thereafter, extended for another year on October 27, 1989, or until October 24, 1990. Entredicho paid the rental through Allied Banking Corporation Check No. 80147957.[7] Upon its expiration, the contract was yet again extended for another year.[8] The petitioner received the rental for that year on August 22, 1991.[9]

When the lease agreement expired in 1991, the petitioner demanded that Entredicho vacate the premises.[10] The latter told the private respondents to stop

working on the land, to harvest their produce before the year ended, and to vacate the property.[11]

Instead of complying, the private respondents brought suit[12] against the petitioner and Entredicho on October 3, 1991 in the Department of Agrarian Reform Adjudication Board (DARAB), Sta. Cruz, Laguna, for declaration of agricultural tenancy on the property with a plea for preliminary injunction. The case was docketed as DARAB Case No. IV-LA-0137-91.

In their complaint, the private respondents alleged that Entredicho employed them as agricultural tenants, and that they were qualified beneficiaries under the Comprehensive Agrarian Reform Program (CARP). They further contended that they were entitled to tenurial security, *viz*:

> 3. That in October 1988, defendant Sinforoso Entredicho, became an agricultural lessee of the aforesaid landholdings up to the present, …;
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> 4. That in the same year, plaintiffs herein were engaged [by] defendant Sinforoso Entredicho as agricultural share tenants, the portion being worked on by plaintiff Gelacio Batario, was devoted to sugarcane, while that portion allotted to plaintiff Martin Batario, was devoted to riceland;
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> 5. That since then plaintiffs as share tenants of defendant Sinforoso Entredicho is (*sic*) dividing the net produce of the sugar and palay harvest thereon, after deducting the expenses incurred ranging from the preparation of the land to harvesting, in equal shares, plaintiffs contributing their personal labor and farm works thereon every working season, with the help or aid of the members of their respective farm household;
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> 6. That the produce realized from these landholdings are the only source of income of the plaintiffs;
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> 7. That last month, plaintiffs were notified by defendant Sinforoso Entredicho, that his term as agricultural lessee over the two (2) parcels of land shall be terminated as soon as the sugar crop year for 1991-1992 ends and/or after all the plants being grown therein were harvested, and informed plaintiffs not to further work, plant and cultivate, and to vacate the same thereafter.[13]

The private respondents prayed that, after due proceedings, judgment be rendered in their favor as follows:

> WHEREFORE, it is most respectfully prayed that judgment be rendered:
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> 1. Declaring plaintiffs as Agricultural Tenants on the above-described agricultural lands;
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> 2. Enjoining and restraining defendants from disposing, ejecting plaintiff as share tenant therefrom, or from otherwise preventing

plaintiffs from working and tilling the subject lands after the forthcoming December 1991 harvests of the presently standing crops therein;

3. Plaintiffs hereby further pray for such other reliefs and remedies which this Honorable Board may deem to be just, proper and equitable under the premises.[14]

The petitioner filed its answer with counterclaim, alleging that Entredicho was a civil lessee of the two (2) parcels of land, and that the private respondents were mere farm laborers on the property. It denied that the private respondents were agricultural tenants on the property.[15]

The petitioner submitted an affidavit executed by Entredicho, where the latter alleged that he employed the private respondents as tenants in the landholding without the petitioner's knowledge.

On May 16, 1994, the Provincial Agrarian Reform Adjudicator (PARAD) dismissed the complaint for lack of merit, holding that the private respondents were mere farm workers on the property. The dispositive portion reads:

> WHEREFORE, in view therefrom, judgment is hereby rendered:
>
> a) DECLARING the plaintiffs NOT the agricultural tenants of the subject landholding BUT farm workers;
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> b) DECLARING the subject landholding not covered by the CARP Law; and
>
> c) DISMISSING the instant case for lack of merit.
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> SO ORDERED.[16]

The private respondents appealed to the DARAB Central Office, which rendered a Decision dated June 28, 1996, reversing and setting aside the decision of the PARAD. The DARAB held that the private respondents were *de jure* and *bona fide* leasehold tenants and, as such, had security of tenure. According to the DARAB, the legal relationship of landholder-agricultural tenant on the landholding can be created by and between a civil lessee and the person who personally cultivates the land. It based its decision on Sec. 6[17] of Republic Act No. 3844, as amended, otherwise known as the Agricultural Land Reform Code. The DARAB ratiocinated that from the moment the petitioner granted the cultivation and use of the landholding in question to the private respondents in exchange for a share in the harvest thereon, an agricultural leasehold relationship existed between them by operation of law, pursuant to Sec. 5 of the same Code.[18] The DARAB held that the private respondents were *de jure* and *bona fide* agricultural tenants on the petitioner's landholding, and ordered the latter to maintain the private respondents as exclusive possessors of the landholding. The parties were also required to execute a leasehold contract thereon.

After the Court of Appeals dismissed its petition for review on certiorari, it filed the instant petition before this Court, contending that the appellate court erred in

dismissing outright its petition for review for its failure to comply with SC Circular No. 28-91. According to the petitioner, the DARAB erred in reversing the decision of the PARAD and declaring that the private respondents were its agricultural tenants.

On July 23, 1997, we resolved to deny the petition for the petitioner's failure to sufficiently show that the CA committed any reversible error in its questioned decision. The petitioner filed a motion for reconsideration thereon, alleging that its petition was *prima facie* meritorious, and that it had complied substantially with SC Circular No. 28-91. On October 8, 1997, we resolved to grant the motion. The petition was reinstated and the private respondents were required to comment thereon.

The sole issue is whether or not the private respondents are *de jure* agricultural tenants of the petitioner.

Under Rule 45 of the Rules of Court, only questions of law may be raised before this Court. However, there are recognized exceptions to the rule, such as when the findings and conclusions of administrative agencies are frontally inconsistent, in this case the PARAD and the DARAB, and when the findings of the appellate tribunal are based on mere surmises and speculations, and are contrary to the evidence on record. In such case, the Court may delve into and resolve questions of facts.

The evidence on record shows that Sinforoso Entredicho was a mere civil lessee of the petitioner. Entredicho did not personally work on the land, and instead hired the private respondents to cultivate the property. The private respondents planted sugarcane and rice, and gave Entredicho his share of the produce. However, the petitioner was not privy to such arrangement between the private respondents and Entredicho.

Indeed, a tenancy relationship cannot be presumed. There must be evidence to prove this allegation.[19] The principal factor in determining whether a tenancy relationship exists is *intent*. Tenancy is not a purely factual relationship dependent on what the alleged tenant does upon the land. It is also a legal relationship. As we ruled in *Chico v. Court of Appeals*:[20]

> Each of the elements hereinbefore mentioned is essential to create a *de jure* leasehold or tenancy relationship between the parties. This *de jure* relationship, in turn, is the *terra firma* for a security of tenure between the landlord and the tenant. The leasehold relationship is not brought about by a mere congruence of facts but, being a legal relationship, the mutual will of the parties to that relationship should be primordial.

Thus, the intent of the parties, the understanding when the farmer is installed, and their written agreements, provided these are complied with and are not contrary to law, are even more important.[21]

The requisites of a tenancy relationship are as follows: (1) the parties are the landowner and the tenant; (2) the subject is agricultural land; (3) there is consent by the landowner; (4) the purpose is agricultural production; (5) there is personal cultivation; and (6) there is sharing of the harvests.[22] All these requisites are necessary to create tenancy relationship, and the absence of one or more requisites will not make the alleged tenant a *de facto* tenant. This is so because unless a