

MANUEL ESTEBAN (SUBSTITUTED BY HIS HEIRS PERFECTO S. ESTEBAN AND ALFREDO S. ESTEBAN), PETITIONER(S), VS. AGATONA GOMEZ, RESPONDENT.

Ponente: PERALTA, JR., E. B., J.

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PERALTA, JR., E. B., J.:

From adverse verdicts which petitioner encountered at the level of the PARAD and later the DARAB,[1] respectively, the Petition for Review materialized before Us to assail, in essence, petitioner's ouster from the subject leased rice land and payment of arrears.[2]

We now unfurl brief and pertinent datum prior to resolution of the legal dispute.

Asserting ownership over 2 ½ hectares of rice land within Pandi, Bulacan, and Manuel Esteban's inability to pay agreed rental for the past 8 years despite the tenant's covenant thereon during barangay proceedings, a suit for desahucio was filed by Agatona Gomez before the PARAD at Malolos, Bulacan.[3]

Sifting through the itemized Answer of Manuel Esteban, disclosed by his pleading were his defenses which revolved on the principal question of jurisdiction, an assertion of ownership by Angel Gomez, the father of Agatona Gomez, over a portion of the subject lot which was originally leased by Marciano Esteban, the father of Manuel Esteban. When trouble ensued between Agatona Gomez and her sibling's heirs over hereditary rights, Agatona Gomez supposedly refused to receive lease rentals. Hence, Manuel Esteban religiously deposited the lease consideration with a rice mill in Balagtas, Bulacan and later with the Rural Bank of Pandi, Bulacan in the name of Agatona Gomez.[4]

Following an exchange of papers and submission of the parties' respective Memoranda, the Provincial Adjudicator rendered its Decision on May 25, 2000 in respondent's favor, thusly:[5]

“WHEREFORE, premises considered, judgment is hereby rendered for the plaintiff, ordering the defendant, or anyone claiming right under him:

- 1.To vacate the landholding in question described in the complaint, subject of this present litigation and surrender possession thereof to the plaintiff;
2. To pay the plaintiff 22 cavans a year or its money equivalent commencing agricultural year 1990 up to and until the said landholding is finally vacated and possession thereof surrendered to the plaintiff;
3. To pay the sum of P5,000 as attorney's fees
4. To pay the costs

The counterclaim interposed by the defendant is hereby dismissed for lack of merit.

SO ORDERED.”

On appeal, the DARAB Central Office affirmed the Decision of the Provincial Adjudicator with modification

only insofar as the payment for back rentals which was reckoned from 1996.[6] Petitioner moved for reconsideration [7]but to no avail.[8]

Hence, We will subsequently respond to the issues formulated on the Petition for Review which substantially imputed wanton exercise of the DARAB's discretion:[9]

... FOR RULING THAT RESPONDENT AGATONA GOMEZ IS THE SOLE RIGHTFUL OWNER OF THE ENTIRE SUBJECT LANDHOLDING OF 2 ½ HECTARES AND THAT PETITIONER MANUEL ESTEBAN IS BARRED FROM QUESTIONING THE SAME

...FOR GROSSLY DISREGARDING INCONTROVERTIBLE EVIDENCE THAT AFTER THE DEATH OF ANGEL GOMEZ (ORIGINAL OWNER OF THE SUBJECT 2 ½ HECTARES) IN 1951 HIS DAUGHTER AGATONA GOMEZ (RESPONDENT) AND SON JOSE GOMEZ INHERITED AND DIVIDED PRO-INDIVISO THE ENTIRE LANDHOLDING AT THE RATE OF 1 ½ HECTARES FOR AGATONA GOMEZ AND 1 HECTARE FOR JOSE GOMEZ AND THEREAFTER EACH CO-OWNER/CO-HEIR CONTINUOUSLY RECEIVED THE ANNUAL LEASE RENTALS OF TWENTY-TWO (22) CAVANS FROM MARCIANO ESTEBAN (THE ORIGINAL TENANT OF ANGEL GOMEZ) FROM 1951 TO 1984 AT THE RATE OF TWELVE (12) CAVANS FOR THE 1 ½ HECTARES OF RESPONDENT AGATONA GOMEZ AND TEN (10) CAVANS FOR THE 1 HECTARE OF JOSE GOMEZ AND THAT AFTER THE DEATH OF TENANT MARCIANO ESTEBAN IN 1984. (sic) RESPONDENT AGATONA GOMEZ CONTINUOUSLY RECEIVED FROM PETITIONER MANUEL ESTEBAN THE LATTER'S ANNUAL LEASE RENTALS OF TWELVE (12) CAVANS FOR THE 1 ½ HECTARES OF AGATONA GOMEZ WHILE JOSE GOMEZ (LATER HIS SONS/HEIRS) ALSO CONTINUOUSLY RECEIVED FROM ATILANO ESTEBAN (ELDER BROTHER OF PETITIONER MANUEL ESTEBAN) THE LATTER'S ANNUAL LEASE RENTALS OF TEN (10) CAVANS FOR THE 1 HECTARE OF JOSE GOMEZ

...IN HOLDING THAT MANUEL ESTABAN REMISSED ON THE PAYMENT OF THE ANNUAL LEASE RENTALS OF TWENTY-TWO (22) CAVANS FOR THE ENTIRE 2 ½ HECTARES FROM 1990 TO 1998 AND HIS PAYMENT OF THE LEASE RENTALS FROM 1995 TO 1998 IS ONLY AN AFTERTHOUGHT AFTER THE COMPLAINT OF AGATONA GOMEZ BEFORE THE DAR IN 1995

... FOR RENDERING THE DECISION OF DECEMBER 4, 2007.

THIS COURT'S RULING

In order to address the aspect of petitioner's alleged default, determination of ownership of the entire landholding is imperative.

To recapitulate, the respondent sought termination of the leasehold agreement on account of petitioner's alleged failure to pay yearly lease rentals over the subject property cultivated by him.[10] On the other hand, petitioner contended that he was not in default for his yearly lease rentals as he was not obligated to pay lease rentals of twenty-two cavans to respondent for the 2 ½ hectares. Petitioner insisted that he was a tenant only to the extent of 1 ½ hectares of the subject landholding, and was obligated to pay lease rentals of only 12 cavans.[11]

We resolve in respondent's favor.

It has been consistently held that in administrative and quasi-judicial proceedings, only substantial evidence is necessary to establish the case for or against a party. Substantial evidence is more than a mere scintilla of evidence. It is that amount of relevant evidence that a reasonable mind might accept as adequate to support a conclusion, even if other minds, equally reasonable, might conceivably opine otherwise.[12]

From Our perspective, respondent had sufficiently established by substantial evidence her ownership of the entire

2 ½ hectares of landholding. Evidence on record disclosed the existence of a Kasunduan Buwisan sa Sakahan executed on January 27, 1982 between respondent, represented by Leonardo Gomez, and petitioner on behalf of his father, Marciano Esteban, which clearly spoke about respondent's exclusive dominion, inclusive of the agreed lease rentals of 22 cavans per year:[13]

xxxx

Na, ang upa sa nasabing lupa ay 22 sa loob ng isang taon o ____ kaban na palay (pananim) na palay (uri) na may timbang na ____ kilos sa bawat kaban sa panahon ng xxx panahon ng (sakahan) at xxx kaban na xxx pananim na xxx (uri) ay timbang na xxx kilos sa bawat kaban sa panahon ng xxx (panahon ng pananakahan). Ang nasabing buwis ay tumutugon sa katumbas ng 25 % ng pangkaraniwang ani sa taong pananakahan 1981, 1980 at 1979 matapos awasin sa kabuuang ani ang unang gapas, unang giik at binhi.

Petitioner's assertion that Jose Gomez, a brother of Agatona Gomez, was the co-owner of the subject property and had been receiving 10 cavans as payment from Atilano Esteban[14] deserved scant consideration when juxtaposed with the written contract of lease executed between the respondent and the late Marciano Esteban.

Moreover, Jose Gomez's co-ownership of the subject property was likewise controverted per the Sama-Samang Pinanumpaang Salaysay executed by the siblings of Agatona Gomez and Jose Gomez, attesting that the share of Jose Gomez, which was cultivated by Atilano Esteban, was separate and distinct from the 2 ½ hectares of the subject lot inherited by Agatona Gomez from her deceased father.[15] Surely, the brothers and sisters of Agatona and Jose Gomez were in a better position to affirm the property inherited by Agatona Gomez from their deceased father instead of a stranger like petitioner.

Neither can We give credence to the affidavit of Daniel Gomez, Jose Gomez's son, confirming that he and his brother received lease rentals of 10 cavans from Atilano Esteban for the 1 hectare of the alleged subject landholding of his father, Jose Gomez,[16] sans receipts or other documentary evidence of actual payment. Indeed, mere allegation is not proof.[17]

With reference to the palay stored by petitioner in a rice mill, as well as its cash equivalent deposited in the rural bank by petitioner for 1990 until 1998,[18] such demeanor can hardly be equated with lease rental payments inasmuch as such payments covered only 12 cavans or its money equivalent, which was not the agreed lease rentals when tested by the Kasunduan. Hence, petitioner cannot press respondent to receive annual rentals covering only 12 cavans.

Nonetheless, as correctly ruled by the DARAB, [19] since respondent initiated her Complaint in 1998,[20] she can only recover back rentals commencing from 1996 until finality of the Decision in keeping with the preclusion of claims in Section 38, Republic Act No. (R.A.) No. 3844:[21]

Section 38. Statute of Limitations - An action to enforce any cause of action under this Code shall be barred if not commenced within three years after such cause of action accrued.

TERMINATION OF LEASEHOLD RELATIONSHIP

Sections 8, 28, and 36 of Republic Act No. 3844 referred to possible grounds for termination of leasehold relationship:[22]

SEC. 8. Extinguishment of Agricultural Leasehold Relation. - The agricultural leasehold relation established under this Code shall be extinguished by:

- (1) Abandonment of the landholding without the knowledge of the agricultural lessor;
- (2) Voluntary surrender of the landholding by the agricultural lessee, written notice of which shall be served

three months in advance; or

(3) Absence of the persons under Section nine to succeed to the lessee, in the event of death or permanent incapacity of the lessee.

x x x x

SEC. 28. Termination of Leasehold by Agricultural Lessee During Agricultural Year.- The agricultural lessee may terminate the leasehold during the agricultural year for any of the following causes:

(1) Cruel, inhuman or offensive treatment of the agricultural lessee or any member of his immediate farm household by the agricultural lessor or his representative with the knowledge and consent of the lessor;

(2) Non-compliance on the part of the agricultural lessor with any of the obligations imposed upon him by the provisions of this Code or by his contract with the agricultural lessee;

(3) Compulsion of the agricultural lessee or any member of his immediate farm household by the agricultural lessor to do any work or render any service not in any way connected with farm work or even without compulsion if no compensation is paid;

(4) Commission of a crime by the agricultural lessor or his representative against the agricultural lessee or any member of his immediate farm household; or

(5) Voluntary surrender due to circumstances more advantageous to him and his family.

x x x x

SEC. 36. Possession of Landholding; Exceptions.- Notwithstanding any agreement as to the period or future surrender, of the land, an agricultural lessee shall continue in the enjoyment and possession of his landholding except when his dispossession has been authorized by the Court in a judgment that is final and executory if after due hearing it is shown that:

(1) The agricultural lessor-owner or a member of his immediate family will personally cultivate the landholding or will convert the landholding, if suitably located, into residential, factory, hospital or school site or other useful non-agricultural purposes: Provided, That the agricultural lessee shall be entitled to disturbance compensation equivalent to five years rental on his landholding in addition to his rights under Sections twenty-five and thirty-four, except when the land owned and leased by the agricultural lessor, is not more than five hectares, in which case instead of disturbance compensation the lessee may be entitled to an advanced notice of at least one agricultural year before ejectment proceedings are filed against him: Provided, further, That should the landholder not cultivate the land himself for three years or fail to substantially carry out such conversion within one year after the dispossession of the tenant, it shall be presumed that he acted in bad faith and the tenant shall have the right to demand possession of the land and recover damages for any loss incurred by him because of said dispossessions;

(2) The agricultural lessee failed to substantially comply with any of the terms and conditions of the contract or any of the provisions of this Code unless his failure is caused by fortuitous event or force majeure;

(3) The agricultural lessee planted crops or used the landholding for a purpose other than what had been previously agreed upon;

(4) The agricultural lessee failed to adopt proven farm practices as determined under paragraph 3 of Section twenty-nine;

(5) The land or other substantial permanent improvement thereon is substantially damaged or destroyed or has unreasonably deteriorated through the fault or negligence of the agricultural lessee;

(6) The agricultural lessee does not pay the lease rental when it falls due; Provided, That if the non-payment of the rental shall be due to crop failure to the extent of seventy-five per centum as a result of a fortuitous event, the non-payment shall not be a ground for dispossession, although the obligation to pay the rental due that particular crop is not thereby extinguished; or

(7) The lessee employed a sub-lessee on his landholding in violation of the terms of paragraph 2 of Section twenty-seven.

On this score, a leasehold agreement can be terminated if an agricultural lessee fails to substantially comply with any terms and conditions of the contract. In the instant case, petitioner's failure to comply with the payment of the lease rentals as stipulated under the Kasunduan constituted sufficient ground for respondent to cause termination of the leasehold agreement.

PAYMENT OF ATTORNEY'S FEES

With reference to the payment of attorney's fees, We echo the passage from *Serrano et al v. Spouses Gutierrez*: [23]

The matter of attorney's fees cannot be dealt with only in the dispositive portion of the decision. The text of the decision must state the reason behind the award of attorney's fees. Otherwise, its award is totally unjustified.

Other than what appeared on the cold text of the dispositive portion,[24] there was no preceding discussion as to foundations for attorney's fees in the text of the Decision as rendered by the DARAB. Necessarily, the award of attorney's fees must be deleted for lack of basis.

One final note. Petitioner asserted that he was no longer liable to pay the annual lease rentals of 22 cavans or its money equivalent from 1996 until finality of the instant case since he had religiously made corresponding annual lease payments of 12 cavans for the 1 ½ hectares of the respondent. According to petitioner, for the years 2006-2007, respondent directly and personally claimed and received from petitioner's wife the annual lease rentals of 12 cavans for her 1.2 hectares as evidenced by a Resibo dated November 10, 2006 and November 13, 2007. It was petitioner's belief that there was no more reason to require payment of 22 cavans per year for the entire landholding of 2 ½ hectares from 1996 onwards as it would result in unjust enrichment at petitioner's expense.[25] Petitioner further argued that there will be double rentals for the portion of one (1) hectare since Atilano Esteban also religiously paid his own annual lease rentals of 10 cavans to the sons of Jose Gomez.[26]

We disagree with petitioner on both arguments. Section 9 of R.A. No. 3844 provides:

Sec. 9. Agricultural Leasehold Relation Not Extinguished by Death or Incapacity of the Parties. - In case of death or permanent incapacity of the agricultural lessee to work in his landholding, the leasehold shall continue between the agricultural lessor and the person who can cultivate the landholding personally, chosen by the 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: xx: Provided, further, That in the event the agricultural lessor fails to exercise his choice within the periods herein provided, the priority shall be in accordance with the order herein established.

Section 36 of the basic law also provides, among other matters, that notwithstanding any agreement as to the period or future surrender of the land, an agricultural lessee shall continue in his enjoyment and possession of his landholding unless dispossession has been authorized by the Court in a judgment that is final and executory.[27]

In the instant Petition, it was mentioned that after petitioner's death, his wife continued cultivation of the subject

lot.[28] Hence, it is but just for respondent to receive lease rentals pending final determination of the case. Anent the claim of double rentals, We echo that, apart from the affidavit of Daniel Gomez, there was no other evidence to sufficiently establish actual payment thereof.

WHEREFORE, premises considered, the December 4, 2007 Decision of the Department of Agrarian Reform Adjudication Board (DARAB) in DARAB Case No. 9906 (Reg Case No. R-03-02-8258-98) is hereby AFFIRMED with MODIFICATION insofar as the award of attorney's fees in favor of respondent which item is hereby deleted.

SO ORDERED.

Reyes, Jr., J. C., Chairperson, and Acosta, F.P., JJ., concur.

[*] Per Office Order No. 15-15-ABR dated January 20, 2015.

[1] Provincial Agrarian Reform Adjudicator and Department of Agrarian Reform Adjudication Board.

[2] Under Rule 43 of the 1997 Rules of Procedure.

[3] See Complaint, Rollo, pp. 63-65.

[4] As cited in Petition, Rollo, pp. 11-12; See Answer with Counterclaim, Rollo, pp. 73-78.

[5] Rollo, page 125

[6] See Decision dated December 4, 2007, Rollo, page 133, "WHEREFORE, in light of the foregoing, the assailed Decision is hereby MODIFIED as follows:

- (1) Ordering the defendant to vacate the subject landholding and surrender possession thereof to the plaintiff;
- (2) To pay plaintiff 22 cavans a year or its money equivalent commencing agricultural year 1996 up to the finality of this case;
- (3) To pay the sum of P5,000.00 as attorney's fees; and
- (4) To pay costs. (Emphasis Supplied)

[7] Rollo, pp. 135-150.

[8] Rollo, pp. 157-158.

[9] Rollo, pp. 21-22.

[10] See Plaintiffs Position Paper, Rollo, pp. 84-89.

[11] See Petition, Rollo, pp. 22-28; See also Defendant's Position Paper, Rollo, pp. 94- 96.

[12] Office of the Ombudsman v. Reyes, G.R. No. 170512, October 5, 2011.

[13] Rollo, pp. 67-68.

[14] See Petition, par. 5, Rollo, pp. 25-26.

[15] Rollo, page 110.

[16] See Sinumpaang Salaysay of Daniel Gomez, par. 3, Rollo, page 106, "3. Na dahil sa pagkamatay ni ANGEL GOMEZ ang nasabing lupa ay namana ni Jose Gomez at AGATONA GOMEZ. Dahil din naman sa pagkamatay ni MARCIANO ESTEBAN noong 1984 ang pagsasaka ng lupa ay napasalin sa kanyang anak na sina ATILANO

ESTEBAN (1.00 hectarya) at MANUEL ESTEBAN (1.50 hectarya). Dahil dito ang magkapatid na ESTEBAN ay nagkasundong hatiin din ang dating buwis na 22 kaban. Ang 10 kabanna (sic) buwis ni ATILANO ESTEBAN ay tinatanggap ko at ng aking kapatid na si REY GOMEZ at ang 12 kaban naman ay tinatanggap ni AGATONA GOMEZ mula kay MANUEL ESTEBAN. Hanggang sa ngayon ay patuloy kong tinatanggap ng taunang-buwis na 10 kaban ukol kay ATILANO ESTEBAN.

xxx

[17] V.V. Soliven Realty Corporation v. Ong, G.R. No. 147869, January 26, 2005.

[18] Rollo, pp. 31-32.

[19] See Decision dated December 4, 2007, Rollo, pp.46-47.

[20] See Complaint received by the DARAB, Branch II, Malolos Bulacan on October 5, 1998, Rollo, page 63.

[21] An Act to Ordain the Agricultural Land Reform Code and to Institute Land Reforms in the Philippines, including the Abolition of Tenacy and the Channeling of Capital Into Industry, Provide for the Necessary Implementing Agencies, Appropriate Funds Therefor and for Other Purposes, otherwise known as the Agricultural Land Reform Code.

[22] Verde v. Macapagal et. al, G.R. No. 151342, March 4, 2008 citing the Agricultural Land Reform Code.

[23] G.R. No 162366, November 10, 2006 citing Legaspi v. Spouses Ong, G.R. No. 141311, 26 May 2005, citing Consolidated Bank & Trust Corporation (Solidbank) v. Court of Appeals, 246 SCRA 193 (1995).

[24] See Decision dated December 4, 2007 Rollo, page 47, "WHEREFORE, in the light of the foregoing, the assailed decision is hereby MODIFIED as follows:

xxx

(3) To pay the sum of P5,000.00 as attorney's fees; and

xxx (Emphasis Supplied)

[25] Rollo, page 34.

[26] Rollo, page 34.

[27] R.A. No. 3844, Section 36. Possession of Landholding; Exceptions - Notwithstanding any agreement as to the period or future surrender, of the land, an agricultural lessee shall continue in the enjoyment and possession of his landholding except when his dispossession has been authorized by the Court in a judgment that is final and executory if after due hearing it is shown that:

xxx

(1) xxx

(2) The agricultural lessee failed to substantially comply with any of the terms and conditions of the contract or any of the provisions of this Code unless his failure is caused by fortuitous event or force majeure;

[28] See Petition, par. 7, Rollo, pp. 13-15, "In the meantime defendant Manuel Esteban died on July 14, 1999 and was formally substituted by his surviving wife Teodora Esteban as party defendant who continued with the cultivation of the undivided portion of 1 ½ hectares pertaining to plaintiff Agatona Gomez"

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