

**FELIX GONZALES & CARMEN GONZALES, PETITIONERS, VS.
HON. COURT OF APPEALS, DECEASED SPOUSES ANDRES AGCAOILE
& LEONORA AGCAOILE, SUBSTITUTED BY LUCIA A. SISON,
RESPONDENTS.**

G.R. No. L-36213. June 29, 1989

Ponente: GRIÑO-AQUINO. J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/7f6fc0172646/>

GRIÑO-AQUINO. J.

The issue in this case is whether an agricultural tenancy relationship can be created over land embraced in an approved residential subdivision. The petitioners leased a lot in the subdivision on which they built their house, and, by tolerance of the subdivision owner, they cultivated some vacant adjoining lots. The Court of Agrarian Relations, as well as the Court of Appeals, ruled that "the plaintiffs are not de jure agricultural tenants." (p. 66, Rollo.) That ruling is assailed in this appeal by certiorari.

On October 26, 1988, Lucia A. Sison filed a motion to be substituted in lieu of the private respondents Andres Agcaoile (who died on May 20, 1976) and Leonora Agcaoile (who died on March 22, 1979) as she inherited, and is now the registered owner of, nine (9) unsold lots in the subdivision covered by TCT Nos. 20397 and 20398 of the Agcaoile spouses, now registered in her name under TCT Nos. T-98.096 up to T-98.104 (pp. 117-130, Rollo). On February 22, 1989, this Court granted her motion.

The facts of this case are not disputed and are recited in the appealed decision dated December 6, 1972 of the Court of Appeals in CA-G.R. No. 00253-R, as follows:

"Defendants spouses are the owners of two parcels of land registered in their names under T.C.T. Nos. 20397 and 20398, with an area of 43,383 square meters, located in Barrio Bagbaguin, Sta. Maria, Bulacan. At the time defendants purchased the land in 1937, Maximo Cruz was the tenant who was planting palay thereon. Maximo continued as tenant until he was succeeded upon his death by his son, Fidel Cruz. After tenancing the land for four years, Fidel was succeeded by Pascual Gonzales, father of plaintiff Felix Gonzales. In 1954, Pascual ceased to be a tenant because the land was proposed to be converted into a residential subdivision. The following year, or on May 3, 1955, the land became an approved subdivision. It was subdivided into twenty-six (26) residential lots.

'Sometime in 1956, the plaintiffs spouses offered to pay a rental for Lot No. 1285-M of the subdivision on which they were to build a house. Defendant Leonora Agcaoile agreed to a rental of P20.00 a month. Plaintiffs also offered to act as agents for the subdivision. Leonora agreed. Plaintiffs were able to sell a lot to one Clemente Bernabe, and they received the corresponding commission of P300.00. A number of other lots were sold by defendants to different buyers. While plaintiffs were renting a portion of the subdivision, they requested to be allowed to plant palay on the lots that have not yet been sold. Leonora acquiesced because she

pitied the plaintiffs who have many children. No specific agreement was concluded with regard to the sharing of harvests, but plaintiffs delivered part of the yield to Federico Mateo, defendants' overseer. When plaintiffs defaulted renting Lot I285-M, defendants sent the letter dated September 12, 1968 asking them to pay the accrued rentals or to vacate the premises (Exh. I). Plaintiffs countered with an action to elect the leasehold system of tenancy, docketed as CAR Case No. 2169 Bulacan '68. Said case was dismissed on August 7, 1969.

"On November 18, 1969, plaintiffs filed the present action seeking to elect the leasehold system and praying for a reliquidation of past harvests embracing the agricultural years 1961-1962 to 1967-1968, inclusive. Before summons could be served on defendants, they initiated an action against the plaintiffs for recovery of possession, in the Court of First Instance of Bulacan, where said action was docketed as Civil Case No. SM-329. Then defendants answered the complaint in the present case, alleging that the property subject of the action is residential land. On October 29, 1970, the Bulacan CFI rendered a decision in Civil Case SM-329 favorably to the plaintiffs therein. On May 14, 1971, the judgment subject of the present appeal was rendered." (pp. 15-16, Rollo).

Upon the evidence, the Court of Appeals upheld the decision of the Agrarian Court. It ruled:

".. . Upon the evidence, it appears that in 1955 the property subject of the action ceased to be agricultural or farmland, it having been converted as of that year into a homesite or residential subdivision.-When plaintiffs, therefore, gained possession of a portion of the land in 1956, upon acquiescence of defendants, they were not installed as agricultural tenants on a piece of agricultural land. Agricultural tenancy cannot be created on a homesite or residential subdivision. Republic Act No. 1199, invoked by the appellants, does not apply to such property. And neither are the rights to elect leasehold and to reliquidate the harvests assertible in respect to a residential subdivision or homesite." (p. 16, Rollo)

After deliberating on the petition and arguments in the briefs the parties, We resolved to deny the petition for review.

There is no merit in the petitioners' argument that inasmuch as residential and commercial lots may be considered "agricultural" (Krivenko vs. Register of Deeds, 79 Phil. 461) an agricultural tenancy can be established on land in a residential subdivision. The Krivenko decision interpreting the constitutional prohibition against transferring private agricultural land to individuals, corporations, or associations not qualified to acquire or hold lands of the public domain, save in the case of hereditary succession (Art. XIII, Sec. 5, 1935 Constitution; later Art. XIV, Sec. 14, 1973 Constitution; Art. XII, Sec. 7, 1987 Constitution) has nothing to do with agricultural tenancy. An agricultural leasehold cannot be established on land which has ceased to be devoted to cultivation or farming because of its conversion into a residential subdivision.

Petitioners may not invoke Section 36(1) of Republic Act No. 3844 which provides that "when the lessor-owner fails to substantially carry out the conversion of his agricultural land into a subdivision within one year after the dispossession of the lessee, the lessee shall be entitled to reinstatement and damages," for the petitioners were not agricultural lessees or tenants of the land before its conversion into a residential subdivision in 1955. Not having been dispossessed by the conversion of the land into a residential subdivision, they may not claim a right to reinstatement.

Furthermore, their admission that: (1) they leased from the respondents a lot (No. 1285-M) in the subdivision on which they built their house; (2) that as commission agents for the respondents, they were able to sell a subdivision lot to Clemente Bernabe and received a P300-commission on the sale; and (3) that "a number of other lots were sold by respondents to different buyers," (p. 51, Rollo) refutes the petitioners' contention that the

development of the subdivision was a mere "scheme" to dispossess the previous tenant.

On the other hand, the petitioners' tactic of entering the subdivision as lessee of a home lot and thereafter cultivating some unsold lots ostensibly for temporary use as a home garden, but covertly for the purpose of later claiming the land as "tenanted" farm lots, recalls the fable of the camel that sought shelter inside its master's tent during a storm, and once inside, kicked its master out of the tent. Here, the private respondents' tolerance of the petitioners' supposedly temporary use of some vacant lots in the subdivision was seized by the latter as a weapon to deprive the respondents of their land.

WHEREFORE, finding no reversible error in the decision of the Court of Appeals, We deny the petition for review for lack of merit.

SO ORDERED.

Narvasa, Cruz, and Gancayco, JJ., concur.

Medialdea, J., on leave.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.