

JULIAN CHAN, PETITIONER, VS. MERCEDES SUSANO, AND NORBERTO SUSANO, RESPONDENTS.

Ponente: COSICO, J.

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COSICO, J.:

These are consolidated petitions for review filed under Rule 43 of the 1997 Rules of Civil Procedure appealing the Decision[1] dated November 7, 2003 and Resolution[2] dated December 29, 2004 of the Department of Agrarian Reform [DARAB], Central Office in the case entitled, “Mercedes R. Susano and Norberto R. Susano, Plaintiffs vs. Pastor Samson and Julian Chan, Defendants” docketed as DARAB Case No. IV-MM-0063-93 which is an action denominated as one for “Maintenance of Peaceful Possession with Prayer for Restraining Order/Preliminary Injunction; Redemption and Placing Landholding Under OLT Coverage with Damages”. On appeal, the DARAB reversed and set aside the Decision[3] dated December 26, 1994 and Order[4] dated May 18, 1995 of the Regional Adjudicator of Region IV which, among others matters, ruled that the subject properties in the complaint are no longer agricultural and likewise dismissed the complaint filed against Julian Chan [the petitioner in CA-G.R. No. 89052] for lack of cause of action.

On reconsideration of the above decision, the Regional Adjudicator resolved to modify the same in his May 18, 1995 Order, the dispositive portion thereof states:

“WHEREFORE, premises considered the dispositive portion of the questioned decision of December 26, 1994 is PARTIALLY MODIFIED to reads as follows:

- Declaring the subject property more particularly described in paragraph 2 of the Complaint as no longer agricultural by virtue of its reclassification/conversion based on the duly approved Metro Manila Zoning Ordinance No. 81-01;
- Dismissing the Complaint against the Defendant Julian Chan for lack of cause of action;
- Directing the Plaintiffs and all person claiming rights under them to immediately vacate the 6,696 sq. m. portion of the subject property and surrender peaceful possession thereof to the present owner Julian Chan;
- Directing the Defendant Pastor Samson to pay to the Plaintiffs 300 cavans of palay or its money equivalent of P90,000.00 as and by way of disturbance compensation to the late tenant Macario Susano;
- Upon receipt of such payment for disturbance compensation, directing the plaintiffs and all persons claiming rights under them to vacate the area utilized as homelot consisting of 620 square meters and surrender peaceful possession thereof to the Defendant Pastor Samson;
- Allowing the withdrawal by Plaintiffs of the redemption price deposited with the Office of the DAR Regional Cashier in the amount of P12,052.80;
- Denying all other claims for lack of basis; and
- Without pronouncement as to costs.

SO ORDERED.”[Order, pp. 5-6]

In reversing the ruling of the Regional Adjudicator, the DARAB found that plaintiffs-appellants Mercedes Susano and Norberto Susano [respondents herein] were the tenants of defendant Pastor Samson [the petitioner in CA-G.R. SP No. 89443] having succeeded to the tenancy right of Macario Susano therein. As such, their security of tenure over the landholding, being de jure tenants must be respected. In effect, the DARAB held that the issuance of an ordinance converting the subject property to non-agricultural land did not automatically convert the said land to be non-agricultural as to terminate the tenancy relationship between the parties. Thus, in the decretal portion of the assailed November 7, 2003 Decision, the DARAB ruled:

“WHEREFORE, premises considered, the assailed decision and order are hereby REVERSED and SET ASIDE. A new judgment is entered:

- Declaring the plaintiffs-appellants to be the lawful successors and tenants over the disputed landholding containing an area of 7,316 square meters;
- Ordering the defendants to respect and maintain the plaintiffs-appellants in the peaceful possession and cultivation of the subject landholding;
- Recognizing the redemption right of Plaintiffs-Appellants in the 6,696 square-meter landholding;
- Ordering Defendant Chan to reconvey the subject property to herein Plaintiffs-Appellants by executing a deed of reconveyance upon payment of the redemption price of P468,720.00 and allowing Defendant Chan to withdraw the amount of P12,052.80 from the DAR Regional Cashier, Region IV representing partial payment of the said price;
- In the event that this decision shall have become final and executory, but Defendant Chan still refuses to execute the necessary document of reconveyance of the land in issue, the Register of Deeds of Caloocan City is hereby directed to register this decision in connection with the subject land covered by TCT No. 176758; afterwhich the Register of Deeds is hereby authorized to cancel TCT No. 176758 and in lieu thereof, to issue another Transfer Certificate of Title to and in the name of plaintiffs-appellants;
- Directing the plaintiff-appellants to coordinate with the Regional Director, Region IV or his duly authorized representative who shall initiate steps to obtain from the Land Bank financial assistance for redemption purposes of the subject property, pursuant to Section 12, R.A. 3844, as amended; and
- Denying all claims and counterclaims for lack of merit.

No pronouncement as to cost.

SO ORDERED.” [Decision, pp. 14-15]

The motions for reconsideration of the above decision were denied by the DARAB in the assailed December 28, 2004 Resolution which reads:

“WHEREFORE, premises considered, the herein motions for reconsideration and supplemental motion for reconsideration are hereby DENIED for lack of merit.

SO ORDERED.”[Resolution,p.1]

Not in agreement with the aforesaid DARAB rulings, petitioner Julian Chan and petitioner Pastor Samson respectively filed separate petitions for review both praying for the reversal of the above Decision and Resolution of the DARAB.

The Facts

As synthesized by DARAB, the antecedent facts of the instant case are as follows:

“Plaintiffs [Mercedes and Norberto Susano] allege that since 1959, the late Macario Susano had been the original tenant over a 1.0138 hectare-landholding, devoting the same to the production of rice and as a consideration of his tenurial status, he was allowed to occupy 620 square-meter portion of the said landholding as his homelot.

Plaintiffs also alleged that out of the total area of 1.0133 hectares, Defendant Pastor Samson, without their knowledge and consent, sold 270 square meters to a Chinese in 1977 and in 1984 he also sold 2,552 square-meters to Sps. Pacheco. In 1989, he again sold an area of 6,696 square meters from the same landholding to co-defendant Julian Chan, which led to the filing of a complaint for illegal sale before the Office of the MARO of Valenzuela, Metro Manila.

Plaintiffs, likewise, claim that despite the sale of the 6,696 square meter area, they continued to take possession of the landholding, planting the same of palay. However, in November 1990, defendants [Samson and Chan] have been trying to unlawfully enter and to eject them from the 6,696 square-meter portion sold to defendant Julian Chan and to the 620 square-meter homelot which forms part thereof and which they have been occupying. Accordingly after the sales, the remaining area of their tillage was reduced to only 7,316 square meters.

After Macario’s death in 1993, Plaintiffs Mercedes and Norberto, as successors, being the surviving spouse and son respectively, of Macario Susano, continued to cultivate the same, religiously paying the agreed lease rentals.

Finally, plaintiffs allege that the sale of the 6,996 square-meter portion out of the said remaining area, to Julian Chan is null and void ab initio since defendant Pastor Samson was no longer the owner of the disputed landholding at the time of the sale, because the 7,316 square meters is deemed automatically covered by the OLT Program of the Government pursuant to P.D. 27. Therefore, Macario Susano and his predecessors-in-interest are deemed owners thereof.

Plaintiffs now pray that judgment be rendered declaring them bonafide tenants; approving their Petition for the redemption of the tillages with an area of 6,696 square meters sold to defendant Julian Chan and in the alternative, if redemption is not possible, to declare the 7,316 square-meter landholding covered by OLT under P.D. 27; ordering the MARO of Caloocan City to cause the generation and issuance of an EP in their favor; maintaining them in peaceful possession and cultivation of the 7,316 square meters remaining tillage and awarding them damages.

Defendant Julian Chan, in his answer, and reiterated in his position papers, states that the 6,696 square-meter portion of the disputed landholding, which he bought in good faith from Pastor Samson, is a residential lot as certified to by the City Assessor of Caloocan City under Tax Declaration No. B-025-09770 dated February 20, 1989 x x x and therefore, not covered by P.D. 27 or R.A. 6657. He also alleges that plaintiffs themselves recognized the sale and his ownership of the disputed landholding as shown by a Deed of Undertaking dated September 26, 1991 x x x duly signed by the late Macario Susano assisted by counsel and witnessed by his family. In fact the late Macario Susano even requested him that he be given up to November 30, 1992 to work on the landholding after which, he will surrender the possession of the same to defendant Julian Chan as evidenced by a document dated September 26, 1991 x x x filed with the Office of the MARO of Valenzuela, Metro Manila. Finally, defendant Julian Chan states that in consideration for acknowledging his ownership over the 6,696 square-meter portion, he paid Macario Susano and herein plaintiffs the amount of P25,000.00, but despite repeated demands, the possession of the said area he bought, was never transferred to him.

x x x

Defendant Pastor Samson, for his part, stated that plaintiffs have no cause of action against him, for no tenancy relationship existed between them; that the late Macario Susano and the plaintiffs are occupying the portions of

the disputed landholding upon mere tolerance, considering that he is the godfather of one of the sons of Macario Susano; that the disputed landholding is a residential land as evidenced by Tax Declaration No. 10081 dated August 29, 1986 issued by the City Assessor of Caloocan City x x x and being residential, it is not within the ambit of R.A. 6657, P.D. No. 27 and other agrarian laws and therefore this Board has no jurisdiction over the instant case.”[November 7, 2003 Decision, pp. 3-6]

Ruling of the Regional Adjudicator

On the basis of the pleadings and evidence submitted by the contending parties the Regional Adjudicator held:

“Evaluating the parties’ diametrically opposing stands as supported by their contrasting evidence, this office is inclined to accord more weight and credence to Plaintiffs’ version. It will be noted that the subject property at the time of their occupancy thereof in 1959 was classified as a Riceland x x x and it seems rather implausible for Defendant Pastor Samson to merely allow the Plaintiffs the free use of a portion thereof for purely residential purposes without expecting any benefits in return. Such acts of innocent and undiluted liberality run counter to the normal course of human behavior. The indisputable fact remains that even to this day, the litigated portion sold to Julian Chan is still utilized as a ricefield x x x Under the given factual milieu, there can be no question that the Plaintiffs’ predecessor-in-interest the late Macario Susano validly acquired the status of a bona-fide and de jure tenant over the subject landholding by reason of Defendant Pastor Samson’s implied acquiescence over the years from the time he discharged the duties of such tenant until his demise in 1993. Estoppel by acquiescence has definitely set in and Petitioner can no longer impugn at this late stage the validity of the said decedent’s acquired tenancy status which is entitled to full judicial protection under the well-recognized principle of security of tenure guaranteed under existing agrarian laws which were established in the light of the social justice precept of the Constitution and in the exercise of the police power of the State to promote the common weal. The expiration of the period of the contract as fixed by the parties, or the sale, alienation or transfer of legal possession of the land does not of itself extinguish the relationship. In the latter case, the purchaser or transferee is simply subrogated to the rights and substituted to the obligations of the agricultural lessor x x x.

The first issue is thus resolved in the affirmative which would logically give rise to the conclusion that the second to third issues should likewise be similarly disposed of.

However, herein lies the quandary.

As early as 1981 with the passage of Metro Manila Zoning Ordinance 81-01, the land in question has ceased to be agricultural. x x x The point in this entire discourse is that at the time of Macario Susano’s death in 1993, there was no longer any tenurial relationship to speak of which could devolve upon the plaintiffs by right of succession by virtue of the land’s automatic recategorization as non-agricultural in 1981. This does not mean however, that any existing legal rights created prior to the said reclassification may just be automatically shunted aside. On the contrary, while Plaintiffs can no longer insist on physically holding on to the land in question they may still rightfully claim payment of disturbance compensation for and in behalf of the late Macario Susano, their predecessor-in-interest x x x. The alternative right of preemption/redemption in the first sale in favor of Ching Heng in 1977 is no longer exercisable as the same has been doubly barred by prescription x x x and equitable doctrine of laches. As to the second and third sale transactions in favor of Felix Pacheco in 1984, and Defendant Julian Chan in 1989, the same are legal and enforceable. As already pointed out, at the time of the said sales, the land in question was no longer agricultural. Its continued use as riceland is of no moment. Such fact standing alone and by itself, does not operate to ipso facto revert it to its original nature and character as agricultural land, as the same had been validly reclassified by virtue of the aforementioned Metro Manila Zoning Ordinance 81-01. Plaintiffs therefore have no cause of action against Felix Pacheco and the aforesaid Defendant.

Neither can the Plaintiffs invoke the beneficial and emancipatory effects of PD 27 which allows the landowner a retention area of seven (7) hectares. Considering that the subject property consists of only 1.0138 hectares,

and there is no showing that Defendant Pastor Samson owns other agricultural lands of more than 7 hectares in aggregate areas or lands used for residential, commercial, industrial or other urban purposes from which he derives annual adequate income of at least P5,000.00 to support himself and his family, zero retention is clearly not applicable in the case at bar x x x.

In light of the foregoing discussion, there can be no quibble that the second to fifth issues must all be resolved in the negative.’ [December 26, 1994, pp. 10, 13-18]

The contending parties filed their respective motions for reconsideration of the above-quoted decision but it is only with respect to the arguments raised by petitioner Chan did the Regional Adjudicator deem that a modification of the said decision is in order.

Not satisfied with the findings of the Regional Adjudicator, respondents herein, who were the plaintiffs-appellants below, and petitioner Samson, one of the defendants-appellants below, filed their respective appeals before the DARAB. As earlier adverted to, the DARAB deviated from certain conclusions made by the Regional Adjudicator and consequently, reversed and set aside the latter’s finding in the assailed Decision.

Ruling of the DARAB

In ruling in favor of respondents herein, the DARAB made the following ratiocinations in its November 7, 2003 Decision, to wit:

“After a careful consideration of the record, the Board finds that plaintiffs’ predecessor-in-interest, the late Macario Susano, was a bona fide tenant of the subject landholding. All the essential requisites for the creation of tenancy relationship are present in this case x x x.

As established by the evidence on record, the agricultural land under consideration, located in Brgy. Bagumbong, Caloocan City, consists of 7,316 square meters. It is the remaining portion of plaintiffs’ predecessor-in-interest, the late Macario Susano’s original tillage consisting of 1.0138 hectares which he had been cultivating since 1959. It was at the instance of Defendant Pastor Samson, landowner, that he took possession and cultivation of the same, devoting it to rice production, with the landowner sharing in the produce. A homelot was allotted to Macario, with an area of 620 square meters where he resided, together with the plaintiffs herein. The subsequent sales of some portions by Samson to third persons caused the reduction of the area of the original tillage. In fact, of the 7316 square meter remaining tillage, Defendant Samson sold a portion of 6,696 square meters in 1989, which includes the homelot, to co-defendant Julian Chan, vendee, for a purchase price of P468,720.00. Upon the death of Macario sometime in 1993, his wife, Mercedes, and son, Norberto, succeeded to his tenancy right over the 7,316 square-meter property in dispute.

Indeed, the foregoing relevant facts belie the self-serving claim of Defendant Samson that he has no tenancy relationship with the plaintiffs’ predecessor-in-interest for as he claimed, Macario was placed on the landholding by mere tolerance.

However, such tolerance, if it really was, extended by Defendant Samson to Macario’s continuous, open, uninterrupted and peaceful possession of the disputed property for a long period of time or for more than thirty (30) years as of his death, with the landowner sharing in the produce x x x has ripened into a tenancy relationship between them.

It has been held that a landowner is deemed to have consented to the tenancy, albeit impliedly, by allowing the tenants to cultivate the landholding and by receiving from him the landowner’s share of the harvest over a considerable length of time x x x

x x x

This brings to the fore the issue as to whether or not the said ordinance automatically converted the subject

landholding to non-agricultural, thus, extinguishing the tenancy relationship between the parties.

In contending that the ordinance cannot deprive them of their legal and constitutional right to their tillage, the plaintiffs-appellants correctly cited the case of *Co v. IAC* (162 SCRA 390), where the Honorable Supreme Court held that:

‘A reading of Metro Manila Zoning Ordinance No. 81-01, Series of 1981, does not disclose any provision converting existing agricultural lands in the covered area into residential or light industrial. While it declared that after the passage of the measure, the subject area shall be used only for residential or light industrial purposes, it is not provided therein that it shall have retroactive effect so as to discontinue all rights previously acquired over the lands located within the zone which are neither residential nor light industrial nature. This simply means that, if we apply the general rule, as we must, the ordinance should be given prospective operation only. The further implication is that it should not change the nature of existing agricultural lands in the area or the legal relationship existing over such lands, including the agricultural lease between Roaring and DZBB.’

Based on the foregoing principle of law which is self-explanatory, the Board disagrees with the said ruling of the Honorable Adjudicator and so holds that the ordinance did not operate to convert the subject landholding to non-agricultural. Neither did it terminate the tenancy relationship between the parties.

Finally, on the claim for redemption right over the property in dispute, it is unquestionable, that the late Macario Susano was entitled to the right to redeem the 6,696 square-meter agricultural land from defendant Chan. Because of his death, such right devolves to plaintiffs. This is premised on the principle that the right to redeem which originally belongs to their deceased predecessor-in-interest, being a property right, is transmissible to the heirs.

x x x

The record shows that Macario had no knowledge of the sale of subject lot to Chan and that he and the Department of Agrarian Reform were not notified in writing of the sale upon its registration within the reglementary period. x x x

Defendant Chan, however, reasoned, among others, that the landholding is residential, as also claimed by Defendant Samson, which is evidenced by the tax declaration he submitted and that the plaintiffs have acknowledged the sale and the undertaking of Macario to surrender the landholding to him. The argument has no merit. The tax declaration is not an evidence of land reclassification. It is issued for tax purposes only. In fact, in the previous tax declaration, the landholding was declared as ricefield x x x The acknowledgment by the plaintiffs of the sale and undertaking of Macario to surrender the subject landholding does not affect the continuous existence of tenancy over the same. Except when termination has been adjudged by the Board, the sale did not extinguish the said tenancy right, for the purchaser, Chan in this case, has been subrogated to the rights and substituted to the obligations of the lessor.

x x x

In consonance with the legal principle enunciated in the above-cited case, the Board finds the purchase price paid by Julian Chan, stated in the Deed of Absolute Sale dated February 28, 1989 x x x in the amount of P468,720.00, to be reasonable redemption price of the lot in dispute. Thus, the amount deposited by the plaintiffs may be considered as initial payment only. [Decision, pp. 7-14]

Separate motions for reconsideration of the aforesaid decision were filed by herein petitioners but the same were denied by the DARAB in its December 29, 2004 Resolution.

Hence, the instant appeals.

The Present Appeal

Previously, this Court issued a Resolution dated March 10, 2006 granting respondents' motion to consolidate the two petitions for review separately filed by petitioner Chan and petitioner Samson. In this regard, the issues of the instant petitions now brought before us in this appeal are as follows:

For petitioner Chan:

- WHETHER OR NOT THE DECISION OF DARAB CENTRAL OFFICE WHICH REVERSED AND SET ASIDE THE DECISION OF THE REGIONAL ADJUDICATOR OF REGION IV AND THE ORDER DATED MAY 18, 1995 IS DULY SUPPORTED BY EVIDENCE.

- WHETHER OR NOT THE DECISION OF DARAB CENTRAL OFFICE DATED NOVEMBER 7, 2003 AND THE RESOLUTION DENYING THE MOTION FOR RECONSIDERATION AND THE SUPPLEMENTAL MOTION FOR RECONSIDERATION ARE IN ACCORD WITH LAW AND JURISPRUDENCE.

For petitioner Samson:

WHETHER OR NOT THERE WAS A TENANCY RELATIONSHIP BETWEEN PETITIONER AND THE LATE MACARIO SUSANO, RESPONDENTS' PREDECESSOR-IN-INTEREST.

Thereafter, a Rejoinder [5] was filed by petitioner Chan to respondents' Comment wherein he stressed that the Joint Manifestation dated April 9, 1992 signed by Macario Susano shows that the latter reiterated and acknowledged Chan's right over the subject property. In addition, there was no misrepresentation to speak of in the application for exemption because the real owner (Chan) has presented the certificate of title to the land before the DAR issued the exemption order. Respondents are the ones misinterpreting themselves as owners of the land by mere allegation that the land was covered by OLT when no proof of such coverage was ever presented. At the same time, a "Reply (Comment to the Petition)"[6] was filed by petitioner Samson in CA-GR SP No. 89443 wherein he stressed that the findings of the DARAB and Regional Adjudicator on the tenancy relationship was not supported by substantial evidence.

The Court required the parties in both cases to file simultaneous memoranda. In CA-GR SP No. 89052, the contending parties both filed a memorandum[7] wherein they reiterated their arguments and positions in the instant controversy. In the meantime, in CA-GR SP No. 89443 petitioner Samson filed a Manifestation that he is adopting his petition for review as his memorandum whilst respondents filed a Memorandum[8] wherein they maintained that they have adduced substantial evidence, in the form of affidavits of the tenants of the neighboring landholdings attesting to the fact that Macario Susano is a de jure tenant of petitioner Samson and has paid leasehold rentals to the latter. Respondents have also shown that up to this day the litigated portion sold to petitioner Chan is being utilized as a ricefield.

This Court's Ruling

The appeals are bereft of merit.

CA-G.R. SP No. 89443

It is well-settled that by reason of their special knowledge and expertise, the factual findings of administrative agencies like the DARAB or that of the Regional Adjudicator of the DARAB respecting matters falling within their competence and jurisdiction are generally entitled to great respect and sometimes even with finality considering that they are in a better position to pass judgment thereon.[9] The findings of fact of an administrative agency must be respected as long as they are supported by substantial evidence, even if such evidence might not

be overwhelming or even preponderant.[10] For this matter, it is not the task of an appellate court to weigh once more the evidence submitted before the administrative body and to substitute its own judgment for that of the administrative agency in respect of sufficiency of evidence.[11] Although this rule admits certain exceptions, we find that no reason exists in the case at bar for this Court to disregard the findings of fact made by the said administrative bodies for the same are borne out by the record and are supported by substantial evidence.

It bears stressing that in determining the existence of a tenancy relationship, the concurrence of the following indispensable elements are essential, to wit: (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.[12] As the records show, the finding that a tenancy relationship existed between petitioner Samson and Macario Susano is supported by the pleadings and evidence submitted by the contending parties to which the following facts may be deduced:

- That the subject landholding owned by petitioner Samson was previously classified as Riceland in 1959 and continues to be utilized as a ricefield up to the present. In this respect, the records show that recent photographic images taken of the subject landholding were presented in evidence and which show that presently, the said landholding is still a ricefield;
- That Samson was the owner of the subject landholding before he sold portions thereof in the years 1977, 1984 and 1989 to different persons, one of whom is petitioner Chan;
- That possession by Macario Susano over the landholding commenced sometime in 1959. This possession of Macario Susano and his successors-in-interest (respondents herein) was admitted by Samson in his Answer to the complaint;
- As shown in the affidavits[13] from tenants of the landholding adjoining the subject property, Macario's possession thereof was for the purpose of agricultural production and personal cultivation. Likewise, the said affidavits also show that Macario Susano shared the produce of the subject landholding to Samson, being the landowner thereof.
- That such possession by Macario Susano of the said landholding lasted until his death in 1993;
- That the above-arrangement between Macario Susano and petitioner Samson on the said landholding from 1959 continued until 1993 or until Macario's death.

Meanwhile, we agree with the findings of both the Regional Adjudicator and the DARAB that there was implied consent on the part of petitioner Samson to Macario's possession of the subject landholding as tenant. As borne by the records, Macario's cultivation of the property as well as Samson's receipt of a portion of the produce therein lasted for a considerable length of time or more than thirty (30) years with nary a protest on the latter's part. To our mind, although petitioner Samson did not expressly give his consent to a tenancy relation with Macario, we find that petitioner's acts are indicative of his implied consent to such relationship. Otherwise stated, by allowing Macario Susano to cultivate the subject landholding for a considerable length of time and by receiving a portion of the harvest therein, petitioner is deemed to have impliedly consented to a tenancy relationship with Macario. After all, it is well-settled in law that a tenancy relationship may be established either verbally or in writing, expressly or impliedly.[14]

In view of the foregoing disquisition, we find no reason to disturb the findings of the DARAB and Regional Adjudicator as to the existence of the tenurial relationship between petitioner Samson and the respondents for the same are supported by substantial evidence. In *Joson v. Mendoza*[15] the Supreme Court ruled:

"In appeals in agrarian cases, the only function required of the Court of Appeals is to determine whether the findings of fact of the Court of Agrarian Relations are supported by substantial evidence. And substantial

evidence has been defined to be such relevant evidence as a reasonable mind might accept as adequate to support a conclusion and its absence is not shown by stressing that there is contrary evidence on record, direct or circumstantial, and where the findings of fact of the agrarian court are supported by substantial evidence, such findings are conclusive and binding on the appellate court.”

CA-GR SP No. 89052

Having established the existence of tenurial relation between respondents and Pastor Samson, petitioner Chan’s predecessor-in-interest in the subject property, we shall now proceed in determining the rights of respondents and petitioner Chan over the said landholding.

As we see it, the main contention of Chan is that with the passage of Metro Manila Zoning Ordinance 81-01, Series of 1981 reclassifying the subject property as non-agricultural, the tenurial relation of respondents therein was extinguished. Thus, it follows that respondents are no longer tenants of the said property and have no right to redeem the same under Section 12 of RA No. 3844.

We disagree.

In *Alarcon v. Court of Appeals*[16] the Supreme Court distinguished the meaning of reclassification and conversion of land and held that conversion is different from reclassification, thus:

“Conversion is the act of changing the current use of a piece of agricultural land into some other use as approved by the Department of Agrarian Reform. Reclassification, on the other hand, is the act of specifying how agricultural lands shall be utilized for non-agricultural uses such as residential, industrial, commercial, as embodied in the land use plan, subject to the requirements and procedure for land use conversion. Accordingly, a mere reclassification of agricultural land does not automatically allow a landowner to change its use and thus cause the ejectment of the tenants.”

Notably, it is worthwhile to stress that there was no need on the part of petitioner Chan to secure a Certification for conversion clearance from the DAR in order to utilize the land for non-agricultural purposes considering that as early as 1981 and before the effectivity of RA 6657 or the Comprehensive Agrarian Reform Law, the landholding was already reclassified as residential.[17] In *Velasquez v. Court of Appeals*[18], the Supreme Court ruled that the requirement of securing post facto approval of the DAR in converting the use of the property from agricultural to non-agricultural does not apply to property which was already reclassified as residential before the effectivity of RA No. 6657.

Nonetheless, we agree with the DARAB ruling that the reclassification of the landholding did not automatically extinguish the tenancy relationship between Macario Susano and Pastor Samson in 1981. In fact, the parties can still continue with such tenancy relationship in the landholding despite the reclassification thereof.[19] Under the present facts of the case, it appears that the tenancy relation over the subject landholding continued notwithstanding its reclassification and subsequent sale to petitioner Chan. As the evidence also show, the subject landholding continues to be utilized as a ricefield. As such, since the tenancy right of Macario Susano in the said property was not extinguished with the land’s reclassification and it appearing that the property was not actually converted for a non-agricultural purpose, we hold that such tenancy right continued to subsist even with the subsequent sale to petitioner Chan of the said property. Under Section 10[20] of RA No. 3844, Chan was therefore subrogated to the rights and substituted to the obligations of the lessor in the landholding.

In this respect, considering that the tenancy relation over the subject property was not extinguished[21] with its reclassification and sale, we likewise concur with the DARAB’s findings that respondents may redeem the subject landholding as provided under Section 12 of RA No. 3344 which states:

“Sec. 12 Lessee’s Right of Redemption. – In case the landholding is sold to a third person without the knowledge of the agricultural lessee, the latter shall have the right to redeem the same at a reasonable price and consideration: Provided, that where there are two or more agricultural lessees, each shall be entitled to said right of redemption only to the extent of the area actually cultivated by him. The right of redemption under this section may be exercised within one hundred and eighty days from notice in writing which shall be served by the vendee on all lessees affected and the Department of Agrarian Reform upon the registration of the sale, and shall have priority over any other right of redemption. The redemption price shall be the reasonable price of the land at the time of the sale. x x x”

It is not amiss to note that the documentary evidence presented by petitioner Chan which consisted of the Deed of Undertaking[22] dated September 26, 1991, a document[23] dated September 26, 1991 and Joint Manifestation[24] dated April 9, 1992 to prove that respondents had knowledge of the subject sale only show that Macario and respondents were informed of the said sale subsequent to the execution thereof. Moreover, the records reveal that no evidence was presented by petitioner Chan to show that he notified Macario Susano and the DAR in writing of the said sale as required under Section 12, RA No. 3844. In *Springsun Management Systems Corp. v. Camerino*[25], the Supreme Court held that without being notified in writing of the sale of the landholding, the agricultural tenants shall have the right to redeem the same, hence:

“ Similarly, when Victoria Homes, Inc. sold its land described in TCT No. S-72244 to defendant Springsun on July 12, 1983 in the amount of P2,566,813.00 (Exh.’5’), no notice was ever sent either to the plaintiffs or to the Department of Agrarian Reform, notwithstanding that the Deed of Sale was registered on July 29, 1983 that resulted in the cancellation of TCT No. S-72244 in the name of Victoria Homes, Inc. and a new title bearing No. 123872 was issued to defendant Springsun.

In view of the absence of the notice to the plaintiffs and to the Department of Agrarian Reform as required by law, the inevitable conclusion is that the plaintiffs are entitled to redeem the subject lands from the defendants Springsun. This right of redemption is statutory in character.

x x x

At any rate, under Section 12, paragraph 1 of R.A. No. 3844, as amended, the prescriptive period for exercising the right of redemption is within 180 days from notice in writing of the registration of the sale, which shall be served by the vendee on all lessees affected and the DAR. We have held that the right of redemption will not prescribe unless there is such notice in writing of the sale. Since it has been established that indeed respondents were never notified in writing of the sale of the disputed lots, then there is no prescription to speak of in the instant case.”

A written notice informing the agricultural tenants and the DAR of the sale of the landholding is essential to determine when the period within which to redeem the subject property shall commence. Consequently, without such written notice, the prescriptive period for exercising the right to redeem the property shall not run. In the instant case, since no written notice of the sale was ever served upon Macario Susano or respondents, the period to redeem the subject property did not run. Thus, we rule that respondents, having succeeded to the rights of Macario Susano over the subject property as tenants have the right to redeem the subject landholding pursuant to Section 12 of R.A. No. 3844, as amended.

In fine, a mere reclassification of agricultural land does not automatically extinguish tenurial relations. As in this case, the landowner and his tenant may still continue with their tenancy agreement notwithstanding the reclassification of the landholding. Such relationship may only be extinguished on the grounds and procedure provided for by law. As such, where the landholding is sold to a third person who failed to properly notify the tenant as required by law, the tenant has a right to redeem the said property in accordance with Section 12 of R.A. No. 3844, as amended.

WHEREFORE, premises considered, the instant petitions are hereby DISMISSED.

SO ORDERED.

Sundiam and Librea-Leagogo, JJ., concur.

[1] CA-GR SP No. 89052 -- Rollo at 107-122.

[2] Id. at 160.

[3] Id. at 56-75.

[4] Id. at 80-85.

[5] Id. at 199-205.

[6] CA-GR SP No. 89443 -- Rollo at 114-117

[7] CA-GR SP No. 89052 – Rollo at 225-243 and 246-263.

[8] CA-GR SP No. 89443 -- Rollo at 124-142.

[9] Villaflor v. Court of Appeals, 280 SCRA 297, 330 [1997].

[10] Ibid.

[11] Ibid.

[12] VHJ Construction and Development Corporation v. Court of Appeals, 436 SCRA 392, 398-399[2004] and Ambayec v. Court of Appeals, G.R. No. 162780, 460 SCRA 537, 542[2005].

[13] CA-GR SP No. 89443 – Rollo at 91-93.

[14] Felizardo v. Fernandez, 363 SCRA 182, 190 [2001].

[15] 468 SCRA 95, 103-104[2005] citing the case of Malate v. Court of Appeals 218 SCRA 572, 576 [1993].

[16] 405 SCRA 440, 448 [2003].

[17] Pasong Bayabas Farmer's Association, Inc. v. Court of Appeals, 429 SCRA 109,136-137 [2004].

[18] 431 SCRA 165, 184[2004].

[19] Alarcon v. Court of Appeals, supra at 448.

[20] Section 10, RA 3844 -- "Once a leasehold relation has been established, the agricultural lessee is entitled to security of tenure. He has a right to continue working on the land and he may not be ejected therefrom except for cause as provided by law.

The agricultural relationship is not extinguished by the sale, alienation or transfer of the legal possession of the landholding. The purchaser or transferee is simply subjugated to the rights and substituted to the obligations of the agricultural lessor."

[21] Section 36 of RA 3844 provides that tenancy relationship may be extinguished only by court judgment. In case of reclassification, the said section states: " 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 landholding is declared by the Department head upon recommendation of the National Planning Commission to be suited for residential, commercial, industrial or some other urban use; Provided, That the agricultural lessee shall be entitled to disturbance compensation equivalent to five times the average of the gross harvests on his landholding during the last five preceding calendar years.”

[22] CA-GR SP No. 89052 –Rollo at 38.

[23] Id. at 40.

[24] Id. at 41-42.

[25] 449 SCRA 65,86 [2005]

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