

**JOSE INGUSAN, MIGUEL INGUSAN AND EUFEMIA GARCIA,
PETITIONERS, VS. THE HONORABLE COURT OF APPEALS, THIRD
DIVISION, CELESTINA SANTOS AND BERNARDO SANTOS,
RESPONDENTS.**

G.R. NO. 111388. August 31, 2005

Ponente: CORONA, J.

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CORONA, J.:

As a rule, factual findings of the Court of Appeals are accorded profound respect.[1] Like most rules, however, this one admits of several exceptions, a good example of which is now before us. This is a petition for review under Rule 45 for the reversal of the decision[2] of the Court of Appeals in CA-G.R. SP No. 31435,[3] which set aside the decision of the Regional Trial Court (RTC), Branch 36, Gapan, Nueva Ecija,[4] in CAR Case No. 2332, declaring the petitioner Jose Ingusan the "lawful tenant" of a 1.5 hectare Riceland in Tabuating, San Leonardo, Nueva Ecija.

The issue in this case is: who has the better right, petitioner Jose Ingusan, by virtue of his contract of lease, or respondents Celestina and Bernardo Santos, by virtue of their being the heirs of alleged share-tenant Ruperto Santos?

Petitioners Miguel and Eufemia Ingusan own the lot in question while their son Jose claims to lease it from them.

Private respondents Celestina Santos and Bernardo Santos are the wife and son, respectively, of the late Ruperto Santos who allegedly tenanted the land in question from 1972 until his death in 1980. Private respondents claim to have succeeded Santos as tenants.

The bases of the instant petition are:

GROUND FOR THE ALLOWANCE OF THE PETITION

FIRST, the Trial Court and the Public Respondent Court of Appeals, Third Division, were at odds. The Honorable Public Respondent decided the case CONTRARY to the findings of facts and conclusion by the Trial Court.

SECOND, and with due respect, we do not adhere and we question the correctness of the conclusion made by the Public Respondent in the decision.

THIRD, the Public Respondent decided a question of substance as the conclusion drawn therefrom was not only unreasonable and unjust but the same was against the law to the prejudice and damage of the Petitioner Jose Ingusan's right thereto.

As already stated, this Court is not a trier of facts but because the RTC and the Court of Appeals made different factual findings, we reviewed the evidence on record.[5]

THE FACTS OF THE CASE

Petitioner Eufemia Garcia Ingusan owned several hectares of riceland in Nueva Ecija. Ruperto Santos occupied, under a share-tenancy agreement, a three-hectare parcel thereof until March 16, 1972 when he surrendered it to her in writing upon her request.[6] Adjoining these three hectares were another three hectares which included the contested lot.

It is from this point onwards that the allegations of the parties differ.

The petitioners contend that Jose Ingusan entered into possession of the contested land in 1974 and that in 1976, his mother Eufemia Garcia Ingusan entered into a contract under which she leased the land to him.[7] Private respondents claim that in 1972, Ruperto Santos surrendered the original three-hectare lot he was tenanted in exchange for the contested lot, under the same share-tenancy agreement as before, upon Miguel Ingusan's insistence. According to private respondents, Ruperto Santos tenanted the contested land from 1972 until his death in 1980. The petitioners, on the other hand, allege that in 1980, shortly before his death, Ruperto Santos pleaded with petitioner Miguel Ingusan for permission to work on the contested land, to which the latter agreed. Petitioners contend that, indeed, Ruperto Santos and his son, private respondent Bernardo Santos, indeed worked on the contested land - but only as farm helpers.

THE HISTORY OF THE CASE

On September 16, 1981, private respondent Celestina Santos (wife of Ruperto and mother of Bernardo) filed a letter-complaint with the then Ministry of Agrarian Reform (MAR) to restrain petitioner Jose Ingusan from cultivating the contested land.[8] The MAR ruled in favor of Ingusan. Respondent Celestina Santos filed a motion for reconsideration[9] pending resolution of which, she and her son Bernardo filed a "Complaint with Prayer for Issuance of Interlocutory Order" with the Court of Agrarian Relations (CAR) on January 12, 1982.[10] This complaint was later amended[11] with the consent of the trial court.[12]

The MAR, in light of the fact that the CAR had taken over the case, decided to forego the hearing of the case and await the CAR's decision.[13]

In their complaint, respondents alleged that the lease contract between petitioners Eufemia and Jose Ingusan was merely a subterfuge to circumvent the agrarian law which prohibited the share tenancy agreement petitioners imposed on Ruperto Santos. They prayed that possession of the riceland be restored to them as tenants, that the leasehold rental according to the harvest be fixed in accordance with law and that the petitioners' lease contract be declared void ab initio.

In the meantime, the CAR was abolished during the pendency of the case and replaced by the Regional Trial Court (RTC). It was the RTC which declared Jose Ingusan as the "lawful tenant"[14] of the contested land.

The private respondents appealed to the Court of Appeals, which reversed the trial court's decision for being "one-sided." [15] An excerpt from the Court of Appeals' decision follows.

It is true that in agrarian cases the findings of fact of lower courts, if supported by substantial evidence, are conclusive upon the appellate court. By "substantial evidence" is understood such relevant evidence as a reasonable mind may accept as adequate to support a conclusion. However, as we had once occasion to hold, the rule does not mean that so long as there is some evidence in the records to support the findings of the lower court, its decision must be affirmed. The appellate court must take into consideration contradictory evidence or evidence from which conflicting inferences can be drawn. The substantiality-of-evidence rule must take into account whatever in the record fairly detracts from its weight. In the case at bar, the decision of the trial court is based mainly on the evidence of defendant-appellees and is thus one-sided. It fails to take into account the

contrary evidence of the plaintiff-appellants which, in our opinion, fairly detracts from the weight of defendant-appellees' evidence. (citations omitted)

REVERSAL OF THE TRIAL COURT DECISION IS NOT JUSTIFIED

The crux of the petition is that the Court of Appeals should not have disturbed the decision of the trial court, the latter being supported by "substantial evidence."

The petition is meritorious.

Substantial evidence is defined as such relevant evidence as a reasonable mind will accept as adequate to support a conclusion.[16] Petitioners met this quantum of evidence.

To prove that Ruperto Santos never tenanted the land in question, petitioners presented, among others, the following: a contract of lease,[17] certification from the MAR that private respondents' names did not appear in the official list of tenants kept by the said office,[18] the MAR farm technician's report that the respondents' names did not appear in the official list of tenants in Barangay Tabuating, San Leonardo, Nueva Ecija,[19] a survey conducted by MAR which found that petitioner Jose Ingusan was found to be in possession of the three hectares as the "lawful tenant" including the 1.5 hectares in question, and an "investigation report and recommendation" of the MAR for the dismissal of respondents' complaint based on its findings that it was petitioner Jose Ingusan who actually possessed and cultivated the lot.[20]

Petitioners also presented two witnesses, Perfecto Bernardino who testified that he had tenanted the land from 1968 to 1974,[21] and Sergio Allarce who testified that he had tenanted the adjacent three-hectare land from 1972 to 1976.[22]

On the other hand, the only direct evidence the respondents were able to present in support of their allegation of continuous possession by Ruperto Santos from 1972 to 1980 was the testimony of Oscar Sarmiento, a neighboring farmer.[23] Although the respondents presented other affidavits, some of them did not directly support the claim of continuous possession and cultivation, while the affiants of the other sworn statements were not put on the witness stand.

As stated, findings of fact of the Court of Appeals are as a rule accorded paramount respect, except in a few specific instances.[24] Among the exceptions to this rule is when the factual findings of the Court of Appeals differ from those of the trial court. Which is what happened here.

AGRICULTURAL LEASEHOLD

To determine if a leasehold relationship really existed between Eufemia Garcia and Jose Ingusan, we refer to Chapter 1 of RA 3844, also known as the Code of Agrarian Reform of the Philippines. Sections 5, 6 and 15 of RA 3844 contain the elements of such a relationship:

x x x x x x x x

SECTION 5. Establishment of Agricultural Leasehold Relation. - The agricultural leasehold relation shall be established by operation of law in accordance with Section four of this Code and, in other cases, either orally or in writing, expressly or impliedly.

SECTION 6. Parties to Agricultural Leasehold Relation. - The agricultural leasehold relation shall be limited to the person who furnishes the landholding, either as owner, civil law lessee, usufructuary, or legal possessor, and the person who personally cultivates the same.

x x x x x x x x

SECTION 15. Agricultural Leasehold Contract in General. - The agricultural lessor and the agricultural lessee shall be free to enter into any kind of terms, conditions or stipulations in a leasehold contract, as long as they are not contrary to law, morals or public policy. A term, condition or stipulation in an agricultural leasehold contract is considered contrary to law, morals or public policy:

(1)

If the agricultural lessee is required to pay a rental in excess of that which is hereinafter provided for in this Chapter;

(2)

If the agricultural lessee is required to pay a consideration in excess of the fair rental value as defined herein, for the use of work animals and/or farm implements belonging to the agricultural lessor or to any other person; or

(3)

If it is imposed as a condition in the agricultural leasehold contract: (a) that the agricultural lessee is required to rent work animals or to hire farm implements from the agricultural lessor or a third person, or to make use of any store or services operated by the agricultural lessor or a third person; or (b) that the agricultural lessee is required to perform any work or render any service other than his duties and obligations provided in this Chapter with or without compensation; or (c) that the agricultural lessee is required to answer for any fine, deductions and/or assessments.

Any contract by which the agricultural lessee is required to accept a loan or to make payment therefor in kind shall also be contrary to law, morals or public policy.

x x x x x x x x

Petitioners' evidence demonstrated the existence of such a leasehold relationship between Jose and Eufemia. The certification of the MAR furthermore evidenced petitioner Jose Ingusan's personal cultivation of the riceland in question. In addition, the testimonies of Bernardino and Allarce proved that Ruperto Santos could not possibly have been a tenant of the subject riceland from 1972 to 1980.

Moreover, petitioners presented several other documents which bolstered their claim of cultivation of the land, such as purchase receipts for fertilizer,[25] and receipts from the Rural Bank of San Leonardo, Nueva Ecija[26] showing that petitioner Jose Ingusan had taken out several bank loans. These loans could have been extended by the bank only on the strength of the lease contract. Finally, petitioners presented the affidavit of respondent Celestina Santos herself in which she admitted not even knowing who owned the subject land.[27]

In contrast, the only direct evidence of possession which respondents presented was the testimony of a lone witness, Oscar Sarmiento. While they submitted several affidavits, very few of the affiants actually took the witness stand. Furthermore, none of their documentary evidence proved either possession of the land or the existence of a landlord-tenant relationship between themselves and petitioners. For example, the so-called "liquidation sheets"[28] which supposedly proved the harvest-sharing scheme followed by the late Ruperto Santos and petitioner Miguel Ingusan did not even bear Ingusan's signature or any other indication that he had any kind of agreement with Santos regarding the contested lot.

Moreover, respondents failed to present any evidence in support of their original claim that the lease contract between Jose and Eufemia Ingusan was a sham. Having asserted such a fact, respondents bore the burden of

proving it,[29] a burden they were unable to discharge.

We disagree with the Court of Appeals' finding that the trial court's decision was "one-sided." While in terms of quantity, the respondents bombarded the court with affidavits and other documents, close scrutiny thereof reveals that they were actually of little probative value. Very few of the affidavits submitted were actually attested to in court by their executors while the other pieces of documentary evidence presented consisted of either pleadings or papers executed by respondents, which were obviously self-serving or simply did not support the allegations they were meant to prove.

If the trial court gave more weight to the petitioners' evidence, it was simply because this was more substantial than that proffered by the respondents and clearly demonstrated the facts it intended to establish. The trial court's decision being more in accord with the evidence presented, it must prevail.

WHEREFORE, the instant petition is hereby GRANTED. The Court of Appeals decision dated July 20, 1993 in CA-G.R. No. 31435 is hereby reversed and set aside, and the decision of the trial court REINSTATED.

SO ORDERED.

Panganiban, (Chairman), Sandoval-Gutierrez, Carpio Morales, and Garcia, JJ., concur.

[1] Ramon Arcilla, et al vs. Court of Appeals, et al, G.R. 135270, 30 December 2003, 418 SCRA 487.

[2] Dated July 20, 1993 and penned by Justice Vicente V. Mendoza (former Associate Justice of the Supreme Court) and concurred in by Justices Minerva-Gonzaga Reyes (former Associate Justice of the Supreme Court) and Pacita Cañizares-Nye, Rollo, pp. 20-31.

[3] Celestina Santos and Bernardo Santos v. Jose Ingusan, Miguel Ingusan and Eufemia Garcia.

[4] Penned by Judge Rustico V. Panganiban dated July 6, 1992.

[5] Ramos v. Heirs of Honorio Ramos, Sr., G.R. No. 140848, 25 April 2002, 381 SCRA 594.

[6] Records, Exhibit "10."

[7] Rollo, p. 4.

[8] Records, Exhibit "G."

[9] Id., Exhibit "8."

[10] Id., Exhibit "O."

[11] Id., pp. 105-108.

[12] Id., p. 114.

[13] Id., p. 33.

[14] Rollo, pp. 47-49.

[15] Id., p. 27.

[16] Rules of Court, Rule 133, Section 3.

[17] Records, Exhibit "1."

[18] Id., Exhibit "5."

[19] Id., Exhibit "6."

[20] Id., Exhibit "9."

[21] TSN, February 1, 1982, pp. 47-52.

[22] TSN February 10, 1982, pp. 4-11.

[23] TSN, January 27, 1982, pp. 23-25.

[24] Misa v. Court of Appeals, G.R. No. 97291, 5 August 1992, 212 SCRA 217, as quoted in Sps. Francisco v. Court of Appeals, 449 Phil. 632 (2003).

[25] Records, Exhibits "7" to "7-B."

[26] Id., Exhibits "2-2" to "2-13."

[27] Id., Exhibit "11."

[28] Id., Exhibits "F" to "F-3"

[29] Sec. 1, Rule 131, Rules of Evidence.

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