

**VICTOR G. VALENCIA, PETITIONER, VS. COURT OF APPEALS, HON.
TEOFISTO T. GUINGONA, JR., AS EXECUTIVE SECRETARY, HON.
ERNESTO GARILAO, SECRETARY OF AGRARIAN REFORM,
CRISOSTOMO M. C...**

G.R. No. 122363. April 29, 2003

Ponente: BELLOSILLO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-122363/>

BELLOSILLO, J.:

THE TENANCY CRISIS IN THE PHILIPPINES is not just of recent vintage. History is replete with instances where tenant-farmers, relegated to a life of perpetual bondage, have rushed onto the battlefield with hopes of freedom from imminent thralldom, aptly described by Professor Harold J. Laski as the normal life of the poor - their perpetual fear of the morrow, their haunting sense of impending disaster, their fitful search for beauty that perpetually eludes them.

Every administration that took over the reins of government saw the gravity of this problem. Thus, each offered to the tenant-tillers its own version of the appropriate legislation for their emancipation.

The Agricultural Tenancy Act of 1954 (R. A. No. 1199), the initial attempt of President Magsaysay at agrarian reform, was conceived as a remedial legislation to uplift the social and economic status of tenants. It was insinuated in the legislative deliberations that several provisions therein operated to deprive the landowner of his right to contract and his right to property without due process of law. But, it was also argued, this involved societal values and the agricultural tenancy act was meant to remedy an existing social evil. Hence, all tenancy laws that followed thereafter were crafted along this line. This case is now being scrutinized and tested against the bedrock of legal and equitable safeguards to achieve a truly successful and balanced agrarian reform initiative.

For more than a quarter of a century petitioner Victor G. Valencia, a government retiree, sought justice through administrative and judicial channels to regain possession of his two (2) parcels of land which he claims to have been unjustly withheld from him by persons claiming to be tenants with the ostensible complicity of government officials implementing the agrarian reform program. In the meantime his appeal for fairness and justice was denied him through procedural infirmities. We are now asked to probe into his lonely plight with a reminder that it is our solemn duty to dispense equal justice to the rich and the poor.

We have repeatedly stressed that social justice - or any justice for that matter - is for the deserving, whether he be a millionaire in his mansion or a pauper in his hovel. It is true that, in case of reasonable doubt, we are to tilt the balance in favor of the poor to whom the Constitution fittingly extends its sympathy and compassion. But never is it justified to give preference to the poor simply because they are poor, or reject the rich simply because they are rich, for justice must always be served for the poor and the rich alike according to the mandate of the law.[1]

The property in dispute involves two (2) parcels of land situated at Barangay Linothangan, Canlaon City, Negros Oriental, covered by TCT No. H-T-137 with an area of 23.7279 hectares, and by Homestead Application No.

HA-231601 with Final Proof and Tax Declaration No. 0515 with an area of 6.4397 hectares.

On 7 May 1957 Victor G. Valencia acquired the first parcel covered by TCT No. H-T-137 from a certain Bonifacio Supnet. The only tenant of the property at that time was a certain Digoy Besario who was succeeded by his son Jesus Besario. On 2 July 1961 Valencia and Jesus Besario terminated their landlord-tenant relationship through a public instrument voluntarily executed by them, thus reverting the actual physical possession of the property to petitioner Valencia.

On 22 October 1962 Valencia entered into a ten (10)-year civil law lease agreement over his two (2) parcels of land with a certain Glicerio Henson. Before the ten (10)-year lease expired, apparently without objection from Henson, Valencia leased the property for five (5) years to Fr. Andres Flores under a civil law lease concept beginning 21 August 1970 or until 30 June 1975 after which the lease was cancelled and inscribed as Entry No. 1578 in TCT No. H-T-137. The lease agreement between Valencia and Fr. Flores was subject to a prohibition against subleasing or encumbering the land without Valencia's written consent. This was admitted by the parties as reflected in the DAR Investigation Report and Recommendations.[2] The prohibition against subleasing or encumbering of the land apparently included the prohibition against installing a leasehold tenant thereon. Incidentally, it may be mentioned that in the prior lease agreement with Henson no such prohibition was stipulated.

During the period of his lease, Henson instituted Crescenciano Frias and Marciano Frias to work on the property, although only Crescenciano Frias apparently remained in the land while Marciano Frias must have abandoned his cause if any, as he was not impleaded in this case; neither did he appear on record to have been issued a CLT in his name.

During the lease of Fr. Andres Flores, he designated Francisco Obang (as overseer), Rogelio Tamayo, Federico Jare, Feliciano Lobresco, Melchor Moncada, Rosendo Lobresco, Victoriano Montefalcon, Santos Gargaya, Catalino Mantac, Herodita Semillano, Ernesto Lobresco, Natividad Lobresco and Alfredo Demerin, along with Crescenciano and Marciano Frias, to cultivate the land. These farmhands shared their produce with Fr. Flores. Subsequently, Francisco Obang, Santos Gargaya, Crescenciano Frias, Federico Jare, Rosendo Lobresco, Julian Magdayao, Ernesto Lobresco, Feliciano Lobresco, Catalino Mantac, Victoriano Montefalcon, Ambrosio Semillano, Rogelio Tamayo and Edilberto Lobresco, became recipients of CLTs and are collectively referred to herein as private respondents.

When the lease agreement between Valencia and Fr. Flores expired on 30 June 1975, Valencia demanded that private respondents vacate the premises. Instead of complying with the demand, they refused and continued cultivating the land despite the demand for them to vacate. Valencia wanted to regain possession of his property so he could work it by administration, having in fact appointed Bernie Bautista as overseer until petitioner could retire from the government service.

In his initial step in his long and agonizing journey, Valencia filed a letter of protest with the Minister of Agrarian Reform to take back the actual possession of his property that was subject of the civil law lease agreement. On 20 March 1976 his letter was referred to the DAR Regional Office in Cebu City.

Meanwhile, without the knowledge much less consent of Valencia, private respondents applied for Certificates of Land Transfer (CLTs) under the Operation Land Transfer (OLT) Program pursuant to Presidential Decree No. 27 claiming they were bona fide tenants of the property.

On 10 December 1985, while the investigation was being conducted by the DAR pursuant to petitioner's letter of protest of 20 March 1976, but before it could be terminated, the DAR issued the questioned CLTs to private

respondents. The DAR Team Office in Canlaon City pursuant to the Operation Land Transfer Program under Pres. Decree No. 27 and Letter of Instruction No. 474 identified the following persons as farmer-beneficiaries:[3]

NAME

CLT NO.

LOT NO.

AREA

(hectares)

A. TAX DEC. No. 0515

1. Santos Gargaya

0-071160

0111

0.3300 ha.

2. Juliano Magdayao

a) 0-071161

b) 0-071163

c) 0-071166

d) 0-071175

0122

0114

0117

0124

0.3350 ha.

0.2550 ha.

0.4825 ha.

0.3140 ha.

B. TCT No. HT-137

3. Crescenciano Frias

0-071164

0115

0.8890 ha.

4. Federico Jare

a) 0-71171

b) 0-71172

0120

0121

0.4600 ha.

0.2500 ha.

5. Rosendo Lobresco

a) 0-071189

b) 0-071182

0135

0129

0.2335 ha.

1.0325 ha.

6. Ernesto Lobresco

a) 0-071185

b) 0-71187

0132

0133

0.8900 ha.

0.8400 ha.

7. Feliciano Lobresco

0-071188

0134

0.3400 ha.

8. Catalino Mantac

0-071162

0113

0.0425 ha.

9. Victoriano Montefalcon

0-071190

0136

0.1800 ha.

10. Francisco Obang

0-071168

0118

1.200 has.

11. Ambrosio Semillano

- a) 0-071165
- b) 0-071176
- c) 0-071177

0116

0125

0126

0.0340 ha.

0.1135 ha.

0.0340 ha.

12. Rogelio Tamayo

0-071194

0139

0.3400 ha

13. Edilberto Lobresco

0-071173

0122

1.2040 has.

Total Area

10.1055 has.

In view of the issuance of CLTs to private respondents, petitioner Valencia filed a second letter of protest and requested an investigation and subsequent cancellation of the CLTs.

In February 1988 petitioner Valencia and Catalino Mantac, one of private respondents, entered into a leasehold contract undertaking to have a profit-sharing agreement. No other respondent entered into any agreement or tenancy contract, whether written or verbal, with Valencia, Henson or Fr. Flores.

On 6 and 8 July 1988 an administrative investigation was conducted by the DAR Hearing Officer, Atty. Vilmo Ampong. This was done more than twelve (12) years after the initial letter of protest was filed on 20 March 1976. After an on-site investigation and inspection of the Valencia property, Atty. Ampong, in his Investigation Report and Recommendations dated 7 December 1988 found that: (a) Bernie Bautista, without any authority from protestant Valencia, obtained and/or received shares of the palay produced every harvest from private respondents starting 1975 to 1983 with his wife Hazel issuing the corresponding receipts; (b) Since the time Bautista and spouse obtained and/or received the owner's shares of the produce from private respondents not a single cavan nor its equivalent in cash was turned over or remitted to Valencia; (c) Private respondents stopped giving the landowner's shares to Bautista and his wife when they already refused to issue receipts, and so from then on private respondents appropriated to themselves all the landowner's shares; (d) While enjoying the possession, cultivation and utilization of the two (2) parcels of land, some of the private respondents sublet their farmholdings for financial considerations and turned them over to the sublessees for specified periods;[4] (e) The DAR Team Office in Canlaon City had the landholding included in the Final Survey of 1983 notwithstanding Valencia's

pending protest contesting the issuance of the CLTs;^[5] and, (f) Sometime in February 1988 Valencia and Catalino Mantac entered into a leasehold contract over a 0.0425 hectare of the 23.7279 hectares covered by TCT No. H-T-137.^[6]

Atty. Vilmo Ampong also found that the right of private respondents to the land ceased upon the termination of the lease contracts, except as regards respondent Catalino Mantac with whom petitioner Valencia entered into a tenancy agreement. Atty. Ampong further confirmed that Valencia did not receive anything from private respondents as consideration for tilling his land. Consequently, Atty. Ampong recommended that the CLTs issued to private respondents be cancelled and the final survey conducted on the landholding of Valencia set aside.

On 24 August 1989 the DAR Regional Office in Cebu City, in DARRO Adm. Case No. VII-117-89, notwithstanding the Investigation Report and Recommendations of its DAR Team Office, dismissed Valencia's protest and held that private respondents had the right to continue on the land until otherwise ordered by the court.^[7] Valencia moved for reconsideration but on 12 July 1991 the motion was denied.

This setback of Valencia prompted him to appeal to the Office of the President under authority of DAR Memo. Circ. No. 3, series of 1994, arguing that the Secretary of Agrarian Reform^[8] erred in considering private respondents as tenants and in not recognizing petitioner's right of retention under R. A. No. 6657 otherwise known as The Comprehensive Agrarian Reform Law.

On 8 October 1993 Executive Secretary Teofisto Guingona, Jr., by authority of the President, affirmed the order of the DAR of 12 July 1991 subject to the modification that the area acquired by petitioner Valencia as homestead be excluded from the coverage of P. D. No. 27.

Valencia then brought his case to the Court of Appeals contending that the Executive Secretary erred in recognizing private respondents as tenants and disallowing him and his seven (7) "compulsory heirs" from exercising their right of retention under R. A. No. 6657. However, in a decision promulgated on 27 July 1995 the Court of Appeals dismissed the case on a technical ground, i.e., that his appeal was filed out of time.^[9] The appellate court ruled that petitioner should have filed with it a petition for review within fifteen (15) days from receipt of the order of the DAR Secretary pursuant to Sec. 54 of R. A. No. 6657 and Supreme Court Adm. Circ. No. 1-95, instead of elevating the case to the Office of the President pursuant to DAR Memo. Circ. No. 3, series of 1994. Hence, according to the Court of Appeals, the petition of Valencia was filed out of time.

On 22 September 1995 petitioner's motion for reconsideration was denied. In its Resolution the Court of Appeals, citing *Shell Philippines, Inc. v. Central Bank*,^[10] held that in case of discrepancy between the basic law and a rule or regulation issued to implement the law, the basic law prevails because the rule or regulation cannot go beyond the terms and provisions of the basic law.^[11] Thus, DAR Memo. Circ. No. 3, series of 1994, according to the Court of Appeals, cannot be considered valid and effective since it runs counter to Sec. 54 of R. A. No. 6657 which provides for an appeal from any decision, order, award or ruling by the DAR to the Court of Appeals.^[12] Likewise, the appellate court held that the doctrine of exhaustion of administrative remedies does not apply in the present case where the respondent is a Department Secretary whose acts, as alter ego of the President, bear the implied approval of the latter.^[13]

Valencia filed this Petition for Review on Certiorari under Rule 45 of the Rules of Court seeking to reverse and set aside the Decision of the Court of Appeals in CA-G.R. SP No. 32669 dated 27 July 1995 as well as its Resolution denying his Motion for Reconsideration of 22 September 1995.

Petitioner contends that DAR Memo. Circ. No. 3, series of 1994, is valid not being contrary to law and jurisprudence, and should be accorded respect being the Agrarian Reform Secretary's construction of the law that

his Department administers and implements.

Public respondents, on the other hand, aver that Secs. 15 and 20 of Book VII of E. O. No. 292 which are cited as the legal bases of DAR Memo. Circ. No. 3 refer to the procedure for administrative appeals from an agency to the Department Head which in this case is the DAR through its Secretary. They argue that there is no provision for appeal to the Office of the President since in the administrative structure the Secretary of Agrarian Reform is the alter ego of the President. They contend that Sec. 23 of Book VII cites the finality of the decision of the appellate agency without providing for a further appeal, and that Sec. 25 provides for judicial review from an agency decision, as they point to Sec. 54 of R. A. No. 6657[14] and SC Adm. Circ. No. 1-95.[15]

We agree with petitioner. Interpreting and harmonizing laws with laws is the best method of interpretation. *Interpretare et concordare leges legibus est optimus interpretandi modus*. [16] This manner of construction would provide a complete, consistent and intelligible system to secure the rights of all persons affected by different legislative and quasi-legislative acts. Where two (2) rules on the same subject, or on related subjects, are apparently in conflict with each other, they are to be reconciled by construction, so far as may be, on any fair and reasonable hypothesis. Validity and legal effect should therefore be given to both, if this can be done without destroying the evident intent and meaning of the later act. Every statute should receive such a construction as will harmonize it with the pre-existing body of laws.

Harmonizing DAR Memo. Circ. No. 3, series of 1994, with SC Adm. Circ. No. 1-95 and Sec. 54 of R. A. No. 6657 would be consistent with promoting the ends of substantial justice for all parties seeking the protective mantle of the law. To reconcile and harmonize them, due consideration must be given to the purpose for which each was promulgated. The purpose of DAR Memo. Circ. No. 3, series of 1994, is to provide a mode of appeal for matters not falling within the jurisdictional ambit of the Department of Agrarian Reform Adjudication Board (DARAB) under R. A. No. 6657 and correct technical errors of the administrative agency. In such exceptional cases, the Department Secretary has established a mode of appeal from the Department of Agrarian Reform to the Office of the President as a plain, speedy, adequate and inexpensive remedy in the ordinary course of law. This would enable the Office of the President, through the Executive Secretary, to review technical matters within the expertise of the administrative machinery before judicial review can be resorted to by way of an appeal to the Court of Appeals under Rule 43 of the 1997 Rules on Civil Procedure.

On the other hand, the purpose of SC Adm. Circ. No. 1-95, now embodied in Rule 43 of the 1997 Rules of Civil Procedure, is to invoke the constitutional power of judicial review over quasi-judicial agencies, such as the Department of Agrarian Reform under R. A. No. 6657 and the Office of the President in other cases by providing for an appeal to the Court of Appeals. Section 54 of R. A. No. 6657 is consistent with SC Adm. Circ. No. 1-95 and Rule 43 in that it establishes a mode of appeal from the DARAB to the Court of Appeals.

In *Angara v. Electoral Commission* this Court upheld the promulgation of the rules of procedure of the Commission since they were necessary to the proper exercise of its express power to hear and decide election contests involving members of the legislature, although not specifically granted by the Constitution or statute.[17] We ruled[18] -

x x x the creation of the Electoral Commission carried with it *ex necessitate rei* the power regulative in character to limit the time within which protests intrusted to its cognizance should be filed. It is a settled rule of construction that where a general power is conferred or duty enjoined, every particular power necessary for the exercise of the one or the performance of the other is also conferred (Cooley, *Constitutional Limitations*, 8[th] ed., Vol. I, pp. 138, 139). In the absence of any further constitutional provision relating to the procedure to be followed in filing protests before the Electoral Commission, therefore, the incidental power to promulgate such rules necessary for the proper exercise of its exclusive power x x x must be deemed by necessary implication

to have been lodged also in the Electoral Commission (emphasis supplied).

Thus, the power of the Department Secretary to promulgate internal rules of administrative procedure is lodged in him by necessary implication as part of his express power to “promulgate rules and regulations necessary to carry out department objectives, policies, functions, plans, programs and projects.”[19]

Is an appeal to the Office of the President from the Department Secretary pursuant to DAR Memo. Circ. No. 3, series of 1994, proper under the doctrine of exhaustion of administrative remedies?

Petitioner contends that an appeal to the Office of the President from the Secretary of Agrarian Reform is proper under the doctrine of exhaustion of administrative remedies. On the other hand, it is the contention of public respondent, the Office of the Solicitor General, that an exception to this well-settled principle is the doctrine of qualified political agency. Where the respondent is a Department Secretary, whose acts as an alter ego of the President bear the implied or assumed approval of the latter, unless the President actually disapproves them, administrative remedies have already been exhausted. Recourse to the court may be made at that point, according to private respondents, a view that was sustained by the Court of Appeals. In this case, the appellate court ruled that the appeal before it was filed beyond the reglementary period as petitioner appealed to the Office of the President, and not to the Court of Appeals, where it should have been brought. In *Tan v. Director of Forestry* this Court ruled that even if the respondent was a Department Secretary, an appeal to the President was proper where the law expressly provided for exhaustion.[20]

As a valid exercise of the Secretary’s rule-making power to issue internal rules of procedure, DAR Memo. Circ. No. 3, series of 1994, expressly provides for an appeal to the Office of the President. Thus, petitioner Valencia filed on 24 November 1993 a timely appeal by way of a petition for review under Rule 43 to the Court of Appeals from the decision of the Office of the President, which was received on 11 November 1993, well within the fifteen (15)-day reglementary period.

An administrative decision must first be appealed to administrative superiors up to the highest level before it may be elevated to a court of justice for review. The power of judicial review may therefore be exercised only if an appeal is first made by the highest administrative body in the hierarchy of the executive branch of government.

In *Calo v. Fuertes* this Court held that an administrative appeal to the President was the final step in the administrative process and thus a condition precedent to a judicial appeal.[21] Hence, an appeal to the Office of the President from the decision of the Department Secretary in an administrative case is the last step that an aggrieved party should take in the administrative hierarchy, as it is a plain, speedy and adequate remedy available to the petitioner.

Indeed, certain procedural technicalities have beclouded this case from the outset such that the substantive issue regarding the true nature of the relationship between petitioner and private respondents was not addressed by the Court of Appeals, hence, the *raison d’être* of the case. It must necessarily be discussed if this Court were to resolve with finality the protracted conflict that has lasted over twenty-five (25) years. We are resolving the question at this point to bring this case once and for all to a just, fair and equitable conclusion. Where there are clear errors of law this Court must exercise its constitutional power of judicial review to correct such errors.

The substantive issue to be resolved may be expressed in this manner: Can a contract of civil law lease prohibit a civil law lessee from employing a tenant on the land subject matter of the lease agreement? Otherwise stated, can petitioner’s civil law lessee, Fr. Flores, install tenants on the subject premises without express authority to do so under Art. 1649 of the Civil Code, more so when the lessee is expressly prohibited from doing so, as in the instant case?

Contrary to the impression of private respondents, Sec. 6 of R. A. No. 3844, as amended, does not automatically authorize a civil law lessee to employ a tenant without the consent of the landowner. The lessee must be so specifically authorized. For the right to hire a tenant is basically a personal right of a landowner, except as may be provided by law. But certainly nowhere in Sec. 6 does it say that a civil law lessee of a landholding is automatically authorized to install a tenant thereon. A different interpretation would create a perverse and absurd situation where a person who wants to be a tenant, and taking advantage of this perceived ambiguity in the law, asks a third person to become a civil law lessee of the landowner. Incredibly, this tenant would technically have a better right over the property than the landowner himself. This tenant would then gain security of tenure, and eventually become owner of the land by operation of law. This is most unfair to the hapless and unsuspecting landowner who entered into a civil law lease agreement in good faith only to realize later on that he can no longer regain possession of his property due to the installation of a tenant by the civil law lessee.

On the other hand, under the express provision of Art. 1649 of the Civil Code, the lessee cannot assign the lease without the consent of the lessor, unless there is a stipulation to the contrary. In the case before us, not only is there no stipulation to the contrary; the lessee is expressly prohibited from subleasing or encumbering the land, which includes installing a leasehold tenant thereon since the right to do so is an attribute of ownership. Plainly stated therefore, a contract of civil law lease can prohibit a civil law lessee from employing a tenant on the land subject matter of the lease agreement. An extensive and correct discussion of the statutory interpretation of Sec. 6 of R. A. No. 3844, as amended, is provided by the minority view in *Bernas v. Court of Appeals*.^[22]

When Sec. 6 provides that the agricultural leasehold relations 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, it assumes that there is already an existing agricultural leasehold relation, i.e., a tenant or agricultural lessee already works the land. The epigraph of Sec. 6 merely states who are “Parties to Agricultural Leasehold Relations,” which assumes that there is already a leasehold tenant on the land; not until then. This is precisely what we are still asked to determine in the instant proceedings.

To better understand Sec. 6, let us refer to its precursor, Sec. 8 of R. A. No. 1199, as amended.^[23] Again, Sec. 8 of R. A. No. 1199 assumes the existence of a tenancy relation. As its epigraph suggests, it is a “Limitation of Relation,” and the purpose is merely to limit the tenancy “to the person who furnishes the land, either as owner, lessee, usufructuary, or legal possessor, and to the person who actually works the land himself with the aid of labor available from within his immediate farm household.” Once the tenancy relation is established, the parties to that relation are limited to the persons therein stated. Obviously, inherent in the right of landholders to install a tenant is their authority to do so; otherwise, without such authority, civil law lessees as landholders cannot install a tenant on the landholding. Neither Sec. 6 of R. A. No. 3844 nor Sec. 8 of R. A. No. 1199 automatically authorizes the persons named therein to employ a tenant on the landholding.

According to Mr. Justice Guillermo S. Santos and CAR Executive Judge Artemio C. Macalino, respected authorities on agrarian reform, the reason for Sec. 6 of R. A. No. 3844 and Sec. 8 of R. A. No. 1199 in limiting the relationship to the lessee and the lessor is to “discourage absenteeism on the part of the lessor and the custom of co-tenancy” under which “the tenant (lessee) employs another to do the farm work for him, although it is he with whom the landholder (lessor) deals directly. Thus, under this practice, the one who actually works the land gets the short end of the bargain, for the nominal or ‘capitalist’ lessee hugs for himself a major portion of the harvest.”^[24] This breeds exploitation, discontent and confusion x x x The kasugpong, kasapi, or katulong also works at the pleasure of the nominal tenant.^[25] When the new law, therefore, limited tenancy relation to the landholder and the person who actually works the land himself with the aid of labor available from within his immediate farm household, it eliminated the nominal tenant or middleman from the picture.^[26]

Another noted authority on land reform, Dean Jeremias U. Montemayor,[27] explains the rationale for Sec. 8 of R. A. No. 1199, the precursor of Sec. 6 of R. A. No. 3844:

Since the law establishes a special relationship in tenancy with important consequences, it properly pinpoints the persons to whom said relationship shall apply. The spirit of the law is to prevent both landholder absenteeism and tenant absenteeism. Thus, it would seem that the discretionary powers and important duties of the landholder, like the choice of crop or seed, cannot be left to the will or capacity of an agent or overseer, just as the cultivation of the land cannot be entrusted by the tenant to some other people. Tenancy relationship has been held to be of a personal character.[28]

Section 6 as already stated simply enumerates who are the parties to an existing contract of agricultural tenancy, which presupposes that a tenancy already exists. It does not state that those who furnish the landholding, i.e., either as owner, civil law lessee, usufructuary, or legal possessor, are automatically authorized to employ a tenant on the landholding. The reason is obvious. The civil lease agreement may be restrictive. Even the owner himself may not be free to install a tenant, as when his ownership or possession is encumbered or is subject to a lien or condition that he should not employ a tenant thereon. This contemplates a situation where the property may be intended for some other specific purpose allowed by law, such as, its conversion into an industrial estate or a residential subdivision.

Under *Lastimoza v. Blanco*,[29] private respondents in that case could not be lawful tenants of the landowner for the reason that the civil law lessees, after failing to return the landholding to the landowner, already became deforciants. A deforciant cannot install a lawful tenant who is entitled to security of tenure.

Attention may be invited to settled jurisprudence that the existence of an agricultural leasehold relationship is not terminated by changes of ownership in case of sale, or transfer of legal possession as in lease.[30] This, again, assumes that tenancy already exists. In the case at bar, no such relationship was ever created between the civil law lessees and private respondents, and subsequently, between Valencia and private respondents except Catalino Mantac. With respect to the lease agreement between Valencia and Fr. Flores, the lessee did not have any authority to sublease Valencia's property due to the prohibition in their lease agreement. It is likewise in clear and unambiguous terms that the lease agreement was only for a limited duration with no extension.[31]

In *Ponce v. Guevarra*[32] and *Joya v. Pareja*[33] the agricultural leasehold relations were preserved because the "legal possessors therein were clearly clothed with legal authority or capacity to install tenants." But even assuming that they were not so authorized as in the Ponce case where the civil law lessee was expressly barred from installing a tenant under their contract of lease, the subsequent actions of the landowners in extending the lifetime of the lease, or in negotiating for better terms with the tenants, placed the landowners in estoppel to contest the agricultural leasehold relations. Consequently, the tenants in those cases may be categorized as tenants *de jure* enjoying tenurial security guaranteed by the Agricultural Tenancy Law, now by the Agricultural Land Reform Code, as amended. This is not the case before us.

It must be noted that Valencia never extended the term of the civil law lease, nor did he negotiate with respondents for "better terms" upon the expiration of the lease. He wanted precisely to recover possession of the property upon the expiration of the contract on 30 June 1975, except from Mantac with whom he already entered into a tenancy contract as herein before stated. Valencia appointed an overseer to prepare for his eventual takeover and to cultivate the property through labor administration after his long years in the government service. Verily, the intention of Valencia after the expiration of the lease contract was for him to cultivate the land by administration, or by himself, and not to surrender possession, much less ownership, to the private respondents.

There may be apprehensions that should Sec. 6 of R. A. No. 3844 be construed as not to vest the civil law lessee

or legal possessor with automatic authority to install tenants, it would in effect open the floodgates to their ejectment on the mere pretext that the civil law lessee or legal possessor was not so authorized by the landowner.

This is more imagined than real. In the very recent case of *Ganzon v. Court of Appeals*, decided 30 July 2002, this Court resolved the issue of whether the private respondents should be considered agricultural tenants of the petitioner.[34] The Court ruled that the respondents were not instituted as agricultural lessees but as civil law lessees of the land. This was evident from the contract of lease executed by the parties. The respondents were neither “impliedly” instituted as tenants nor designated as agricultural lessees by reason alone of the acquiescence by petitioner to the continued possession of the property.

The Department of Agrarian Reform in *Ganzon* made the factual determination that the agreement entered into between Florisco Banhaw (one of the respondents) and Carolina L. Ganzon (petitioner) was a civil law lease. However, there was no evidence to prove that the other defendants in that case allegedly instituted as tenants were sharing or paying rentals to Florisco Banhaw or to the landowner. The DAR held that mere allegation without the corresponding receipts would not sufficiently establish a tenancy relationship especially since there was an express prohibition in the civil law lease contract from subleasing the subject land to any other person.[35]

From the foregoing discussion, it is reasonable to conclude that a civil law lessee cannot automatically institute tenants on the property under to Sec. 6 of R. A. No. 3844. The correct view that must necessarily be adopted is that the civil law lessee, although a legal possessor, may not install tenants on the property unless expressly authorized by the lessor. And if a prohibition exists or is stipulated in the contract of lease the occupants of the property are merely civil law sublessees whose rights terminate upon the expiration of the civil law lease agreement.

In the present case, the Decision of the Secretary of Agrarian Reform, as modified by the Office of the President through the Executive Secretary, held that private respondents were deemed leasehold tenants. They anchored their proposition on Sec. 6 of R. A. No. 3844, as amended, otherwise known as The Agricultural Land Reform Code, which states that since the civil law lessees had a valid contract with Valencia, the sublessees were automatically deemed his tenants by operation of law.

This conclusion espoused by the Secretary of Agrarian Reform is arbitrary and unfounded. The following essential requisites must concur in order to establish a tenancy relationship:[36] (a) the parties being landowner and tenant; (b) the subject matter is agricultural land; (c) there is consent by the landowner; (d) the purpose is agricultural production; (e) there is personal cultivation by the tenant; and, (f) there is sharing of harvests between the parties. An allegation that an agricultural tenant tilled the land in question does not make the case an agrarian dispute.[37] Claims that one is a tenant do not automatically give rise to security of tenure. The elements of tenancy must first be proved in order to entitle the claimant to security of tenure.[38]

A tenancy relationship cannot be presumed. There must be evidence to prove this allegation. Hence, a perusal of the records and documents is in order to determine whether there is substantial evidence to prove the allegation that a tenancy relationship does exist between petitioner and private respondents.

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. 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. [39]

In *Caballes v. DAR*[40] the Court held that all these requisites must concur in order to create a tenancy relationship. The absence of one does not make an occupant or a cultivator thereof or a planter thereon a *de jure*

tenant. This is so because unless a person has established his status as a de jure tenant he is not entitled to security of tenure nor is he covered by the Land Reform Program of the Government under existing tenancy laws.[41]

The security of tenure guaranteed by our tenancy laws may be invoked only by tenants de jure, not by those who are not true and lawful tenants.[42]

In *Berenguer, Jr. v. Court of Appeals* this Court ruled that the respondents' self-serving statements regarding their tenancy relations could not establish the claimed relationship.[43] The fact alone of working on another's landholding does not raise a presumption of the existence of agricultural tenancy.[44] Substantial evidence does not only entail the presence of a mere scintilla of evidence in order that the fact of sharing can be established; there must be concrete evidence on record adequate enough to prove the element of sharing.[45] *Bejasa v. Court of Appeals* similarly ruled that to prove sharing of harvests, a receipt or any other evidence must be presented as self-serving statements are deemed inadequate.[46]

In the present case, it is not disputed that the relationship between Valencia and Henson, and subsequently, Valencia and Fr. Flores, partook of a civil law lease. Henson and later Fr. Flores were not instituted as agricultural lessees but as civil law lessees. As a finding of fact, the Secretary of Agrarian Reform held that a written civil law lease contract between Valencia and Fr. Flores was on file which contained in clear and precise terms the stipulation prohibiting the subleasing or encumbering of his parcels of land without the written consent of Valencia.[47] The Secretary even went as far as stating for the record that such stipulation barring the subletting of the property was violated by Fr. Flores when he subleased the subject parcels of land to private respondents.[48]

The findings of fact by the DAR Hearing Officer, Atty. Ampong, in his Investigation Report and Recommendations dated 7 December 1988 concerning the admission by private respondents that they never turned over the rentals or harvests to Valencia and, instead, to his overseer who was not authorized to receive any payments, must be deemed conclusive.[49]

As to the civil law lease between Valencia and Fr. Flores, the prohibition against subletting the property without the written consent of Valencia must be upheld. Thus, there is no tenurial security for private respondents designated by the civil law lessee, except for the oft-mentioned Catalino Mantac.

Furthermore, it must be noted that private respondents Ernesto Lobresco and Francisco Obang sublet the land to third persons. Even assuming arguendo then that they were tenants, although installed without authority, the act of subletting to third persons extinguished the agricultural leasehold relations of Ernesto Lobresco and Francisco Obang as it constituted an abandonment of the landholding due to absence of personal cultivation.

Since private respondents with the exception of Catalino Mantac cannot be deemed tenants in contemplation of law, they are therefore not entitled to Certificates of Land Transfer (CLTs) under the Operation Land Transfer (OLT) Program pursuant to Pres. Decree No. 27 and L.O.I. No. 474. All other persons found in the land in question are considered unlawful occupants of the property unless otherwise authorized by the landowner to possess the same in a lawful capacity.

Even as we uphold time and again the existence and validity of implied agricultural tenancy agreements, we encourage the forging of written documents to prevent ambiguity as to the terms set by both parties and for them to express their intent in clear language. This would minimize and even prevent the "shotgun approach" to tenancy relations imposed by some officials of the Government without complying with the essential requisites of tenancy as provided by law. Agreements must be entered freely and voluntarily by the parties concerned without the influence of third parties, much less the Government, making representations for either side. An express

tenancy agreement would facilitate the aims of the agricultural tenancy laws and promote social justice for both landowner and tenant.

With respect to the retention limits of land ownership by Valencia and his “direct descendants,” the Comprehensive Agrarian Reform Law allows landowners whose lands have been covered by Pres. Decree No. 27 to keep the area originally retained by them provided the original homestead grantees who still own the original homestead at the time of the approval of Rep. Act No. 6657 shall retain the same areas as long as they continue to cultivate the homestead.[50] The right to choose the area to be retained, which shall be compact or contiguous, shall pertain to the landowner, as a general rule.[51] However, the factual determination of whether Valencia and his “direct descendants” have complied with Sec. 6 of Rep. Act No. 6657 should be addressed by the Department of Agrarian Reform. Ascertaining if petitioner and his “direct descendants” are within the seven (7)-hectare retention limit provided by Pres. Decree No. 27 requires the technical expertise of the administrative agency concerned.

It is appalling to note that it took over twelve (12) years for the Agrarian Reform Team 202 of the Canlaon City Office of the DAR to act on a simple matter calling for a preliminary determination of tenancy status, in spite of a telegram sent on 30 March 1976 by the Secretary of Agrarian Reform directing the Team Leader of A.R.T. 202 to investigate and submit a report on the landholding of petitioner Valencia.[52] This is truly a travesty of great magnitude and a clear-cut case of undue delay and administrative injustice, for the rights of the landowner must equally be protected just as passionately as the rights of the tenant-tiller, especially so that in the meantime he has been deprived of the actual possession of his property which he envisioned to cultivate himself after retiring from the government service; worse, he was not paid his landholder’s shares in the harvests, and there is no telling when, if ever, he will ever be paid by private respondents who claim to be his “tenants.”

Executive or administrative justice must always be dispensed with an even hand, regardless of a person’s economic station in life.

WHEREFORE, the petition is GRANTED. The assailed Decision of the Court of Appeals in CA-G.R. SP No. 32669 dated 27 July 1995 and its Resolution dated 22 September 1995 denying the Motion for Reconsideration are REVERSED and SET ASIDE, and a new one is entered as follows:

- The area acquired by petitioner Victor G. Valencia under his Homestead Application No. HA-231601 with Final Proof and Tax Declaration No. 0515 is EXCLUDED from the coverage of Pres. Decree No. 27, hence, must be retained by him;
- The Certificates of Land Transfer (CLTs) issued to private respondents Santos Gargaya (CLT No. 0-071160), Juliano Magdayao (CLTs Nos. 0-071161, 0-071163, 0-071166 & 0-071175), Crescenciano Frias (CLT No. 0-071164), Federico Jare (CLTs Nos. 0-071171 & 0-071172), Rosendo Lobresco (CLTs Nos. 0-071189 & 0-071182), Ernesto Lobresco (CLTs Nos. 0-071185 & 0-071187), Feliciano Lobresco (CLT No. 0-071188), Victoriano Montefalcon (CLT No. 0-071190), Francisco Obang (CLT No. 0-071168), Ambrosio Semillano (CLTs Nos. 0-071165, 0-071176 & 0-071177), Rogelio Tamayo (CLT No. 0-071194) and Edilberto Lobresco (CLT No. 0-071173) are CANCELLED and NULLIFIED for having been issued without factual and legal basis;
- The agricultural leasehold of respondent Catalino Mantac (CLT No. 0-071162) covering an area of 0.0425 hectare subject of tenancy agreement with petitioner Victor G. Valencia is MAINTAINED and RESPECTED;
- All unlawful occupants of the property under TCT No. H-T-137 and Homestead Application No. HA-231601 with Final Proof, and Tax Declaration No. 0515 including but not limited to the private respondents mentioned in par. 2 hereof are ORDERED to IMMEDIATELY VACATE and RETURN peacefully to the lawful owner,

petitioner Victor G. Valencia, the parcels of land respectively possessed or occupied by them.

No pronouncement as to costs.

SO ORDERED.

Quisumbing, Austria-Martinez, and Callejo, Sr., JJ., concur.

[1] *Gelos v. Court of Appeals*, G.R. No. 86186, 8 May 1992, 208 SCRA 608, 616; *Land Bank of the Philippines v. Court of Appeals*, G.R. No. 118712, and *Department of Agrarian Reform v. Court of Appeals*, G.R. No. 118745, 6 October 1995, 249 SCRA 149.

[2] *In re Operation Land Transfer Protest*, Victor G. Valencia, Protestant, Investigation Report and Recommendations, Department of Agrarian Reform, Provincial Agrarian Reform Office No. 25, Dumaguete City. See Rollo, pp. 72-73.

[3] Rollo, pp. 62-63. Pres. Decree No. 27 ordered the emancipation of all tenant-farmers as of 21 October 1972, the date it was decreed. The Decree applies to all tenant-farmers of private agricultural lands primarily devoted to rice and corn under a system of share-crop or lease-tenancy, whether classified as landed estate or not. L.O.I. No. 474 issued pursuant to Pres. Decree No. 27 provides that all tenanted rice/corn lands with areas of seven (7) hectares or less belonging to landowners who own other agricultural lands or more than seven (7) hectares in aggregate areas, or lands used for residential, commercial, industrial or other urban purposes from which they derive adequate income to support themselves and their families, are now placed under the land transfer program of the government. L.O.I. No. 474 was issued on 21 October 1976. See V. Agustin, *Code of Agrarian Reforms of the Philippines: Republic Act No. 3844 (As Amended) With Notes and Comments* (1st ed., 1981), p. 79.

[4] (a) Ernesto Lobresco to Francisco Palermo, Jr., P Normal 0 false false false EN-PH X-NONE X-NONE /* Style Definitions */ table.MsoNormalTable {mso-style-name:"Table Normal"; mso-tstyle-rowband-size:0; mso-tstyle-colband-size:0; mso-style-noshow:yes; mso-style-priority:99; mso-style-parent:""; mso-padding-alt:0cm 5.4pt 0cm 5.4pt; mso-para-margin-top:0cm; mso-para-margin-right:0cm; mso-para-margin-bottom:10.0pt; mso-para-margin-left:0cm; line-height:115%; mso-pagination:widow-orphan; font-size:11.0pt; font-family:"Calibri", "sans-serif"; mso-ascii-font-family:Calibri; mso-ascii-theme-font:minor-latin; mso-hansi-font-family:Calibri; mso-hansi-theme-font:minor-latin; mso-bidi-font-family:"Times New Roman"; mso-bidi-theme-font:minor-bidi; mso-fareast-language:EN-US;} 3,000.00 for four (4) croppings and to Hazel Bautista P Normal 0 false false false EN-PH X-NONE X-NONE /* Style Definitions */ table.MsoNormalTable {mso-style-name:"Table Normal"; mso-tstyle-rowband-size:0; mso-tstyle-colband-size:0; mso-style-noshow:yes; mso-style-priority:99; mso-style-parent:""; mso-padding-alt:0cm 5.4pt 0cm 5.4pt; mso-para-margin-top:0cm; mso-para-margin-right:0cm; mso-para-margin-bottom:10.0pt; mso-para-margin-left:0cm; line-height:115%; mso-pagination:widow-orphan; font-size:11.0pt; font-family:"Calibri", "sans-serif"; mso-ascii-font-family:Calibri; mso-ascii-theme-font:minor-latin; mso-hansi-font-family:Calibri; mso-hansi-theme-font:minor-latin; mso-bidi-font-family:"Times New Roman"; mso-bidi-theme-font:minor-bidi; mso-fareast-language:EN-US;} 3,000.00 for five (5) croppings; (b) Melchor Moncada to Virgilio Marquez P Normal 0 false false false EN-PH X-NONE X-NONE /* Style Definitions */ table.MsoNormalTable {mso-style-name:"Table Normal"; mso-tstyle-rowband-size:0; mso-tstyle-colband-size:0; mso-style-noshow:yes; mso-style-priority:99; mso-style-parent:""; mso-padding-alt:0cm 5.4pt 0cm 5.4pt; mso-para-margin-top:0cm; mso-para-margin-right:0cm; mso-para-margin-bottom:10.0pt; mso-para-margin-left:0cm; line-height:115%;

mso-pagination:widow-orphan; font-size:11.0pt; font-family:"Calibri","sans-serif"; mso-ascii-font-family:Calibri; mso-ascii-theme-font:minor-latin; mso-hansi-font-family:Calibri; mso-hansi-theme-font:minor-latin; mso-bidi-font-family:"Times New Roman"; mso-bidi-theme-font:minor-bidi; mso-fareast-language:EN-US;} 3,000.00 for five (5) croppings; and, (c) Francisco Obang to Florencio Suanque P Normal 0 false false false EN-PH X-NONE X-NONE /* Style Definitions */ table.MsoNormalTable {mso-style-name:"Table Normal"; mso-tstyle-rowband-size:0; mso-tstyle-colband-size:0; mso-style-noshow:yes; mso-style-priority:99; mso-style-parent:""; mso-padding-alt:0cm 5.4pt 0cm 5.4pt; mso-para-margin-top:0cm; mso-para-margin-right:0cm; mso-para-margin-bottom:10.0pt; mso-para-margin-left:0cm; line-height:115%; mso-pagination:widow-orphan; font-size:11.0pt; font-family:"Calibri","sans-serif"; mso-ascii-font-family:Calibri; mso-ascii-theme-font:minor-latin; mso-hansi-font-family:Calibri; mso-hansi-theme-font:minor-latin; mso-bidi-font-family:"Times New Roman"; mso-bidi-theme-font:minor-bidi; mso-fareast-language:EN-US;} 10,000.00 for five (5) years.

[5] Rollo, pp. 70-71.

[6] See Note 2 and Rollo, pp. 69-71.

[7] Order penned by Atty. Crisostomo M. Corpin, DAR Regional Director, Region VII.

[8] In the meantime the official title of the Minister of Agrarian Reform was changed to Secretary of Agrarian Reform.

[9] CA-G.R. SP No. 32669, 27 July 1995.

[10] G.R. No. 51353, 27 June 1988, 162 SCRA 628.

[11] Id. at 634.

[12] Rollo, pp. 28-29.

[13] Id. at 28-29.

[14] Sec. 54 of Rep. Act No. 6657 states: "Any decision, order, award or ruling of the DAR on any agrarian dispute or on any matter pertaining to the application, implementation, enforcement, or interpretation of this Act and other pertinent laws on agrarian reform may be brought to the Court of Appeals by certiorari except as otherwise provided in this Act within fifteen (15) days from receipt of a copy thereof. The findings of fact of the DAR shall be final and conclusive if based on substantial evidence."

[15] SC Adm. Circ. No. 1-95 dated 16 May 1995 provides for the mode of appeal from the Court of Tax Appeals and Quasi-Judicial Agencies such as the Office of the President and the Department of Agrarian Reform under Rep. Act No. 6657. It is now embodied in Rule 43 of the 1997 Rules of Civil Procedure.

[16] Black's Law Dictionary (6th ed., 1990), p. 817.

[17] 63 Phil. 139, 177 (1936).

[18] Ibid.

[19] Sec. 7, No. 3, Chapt. 2, Bk. IV, Exec. Order No. 292 (1987).

[20] 210 Phil. 261-262 (1983).

[21] 115 Phil. 393 (1962).

[22] G.R. No. 85041, 5 August 1993, 225 SCRA 119, 139-155.

[23] Sec. 8. Limitation of Relation. – The relation of landholder and tenant shall be limited to the person who furnishes land, either as owner, lessee, usufructuary, or legal possessor, and to the person who actually works the land himself with the aid of labor available from within his immediate farm household.

[24] Santos and Macalino, *The Agricultural Land Reform Code* 11 (1963 ed.). See also M. German, *Share and Leasehold Tenancy* 32 (2d ed., 2001).

[25] *Id.* at 213-214.

[26] *Id.* at 214.

[27] III J. Montemayor, *Labor, Agrarian and Social Legislation* 40 (1968 ed.).

[28] See Secs. 37 and 44 of Rep. Act No. 1199, as amended.

[29] 110 Phil. 835 (1961).

[30] *Endaya v. Court of Appeals*, G.R. No. 88113, 23 October 1992, 215 SCRA 109, 114.

[31] *Ibid.*

[32] 119 Phil. 923 (1961).

[33] 106 Phil. 645 (1959).

[34] G.R. No. 136831, 30 July 2002.

[35] *Ibid.*

[36] *Ibid.*

[37] *Benavidez v. Court of Appeals*, G.R. No. 125848, 6 September 1999, 313 SCRA 714, citing *Morta, Sr. v. Occidental*, 367 Phil. 438 (1999), and other cases. See also *Heirs of Herman Rey Santos v. Court of Appeals*, G.R. No. 109992, 7 March 2000, 327 SCRA 293.

[38] *Id.* at 113.

[39] *Isidro v. Court of Appeals*, G.R. No. 105586, 15 December 1993, 228 SCRA 503, 511.

[40] G.R. No. 78214, 5 December 1998, 168 SCRA 247, 254.

[41] *Tiongson v. Court of Appeals*, 215 Phil. 430, 130 (1984).

[42] *Philippine National Railways v. Del Valle*, No. L-29381, 30 September 1969, 29 SCRA 573, 580.

[43] G.R. No. 60287, 17 August 1988, 164 SCRA 431, 439.

[44] *Ibid.*

[45] *Ibid.*

[46] G.R. No. 108941, 6 July 2000, 335 SCRA 190, 199.

[47] In the Matter of the Petition for Exclusion from Operation Land Transfer Involving Parcels of Land Situated at Barangay Linothangan, Negros Oriental, Victor G. Valencia, Protestant, Order of the Secretary of Agrarian Reform, Hon. Benjamin T. Leong, DARRO Adm. Case No. VII-117-89, 12 July 1991, p. 8. See Rollo, p. 84. The written civil law lease contract between Valencia and Fr. Flores was marked as Annex “I.”

[48] Ibid.

[49] See Note 6.

[50] See Sec. 6 of Rep. Act. No. 6657, as amended.

[51] Ibid.

[52] Rollo, p. 68.

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.