

DIONISIA L. REYES, PETITIONER, VS. RICARDO L. REYES, LAZARO L. REYES, NARCISO L. REYES AND MARCELO L. REYES, RESPONDENTS.*G.R. No. 140164. September 06, 2002*

Ponente: QUISUMBING, J.

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This petition assails the decision[1] dated September 20, 1999 of the Court of Appeals in CA-G.R. SP No. 47033, which reversed that of the Department of Agrarian Reform Adjudication Board (DARAB-Central Office) in DARAB Case No. 3625. The DARAB-Central Office had affirmed the ruling of the Provincial Adjudicator, DARAB-Region III in Case No. 249-Bul-91, declaring petitioner Dionisia L. Reyes the lawful agricultural lessee of a parcel of land in Bulacan owned by the late Marciano Castro, and thus she is entitled to security of tenure.

After a thorough review of the records including the memoranda of the parties, we find this petition meritorious.

The parties are among the nine children of the late Felizardo J. Reyes, who prior to his death was the agricultural tenant of the land subject of this uncivil dispute over tenancy rights. The core question in this petition is, who among the parties should be considered the lawful and rightful tenant of the Castro property? The DARAB ruled in favor of petitioner, the appellate court held otherwise.

As disclosed by the record, the instant case stemmed from a complaint for reinstatement with damages filed with the DARAB Region III Office by Dionisia Reyes on April 22, 1991 against her four younger brothers, herein respondents. She alleged that her father, the late Felizardo Reyes, was the tenant of a two-hectare agricultural lot in Parulan, Plaridel, Bulacan, owned by Marciano Castro. After her father's death on February 17, 1989, she and Marciano Castro, through the latter's son and attorney-in-fact, Ramon R. Castro, executed a leasehold contract naming her as the agricultural lessee of the property. However, sometime before the start of the planting of the dry season crop in 1989, herein respondents forcibly entered the area and occupied a one-hectare portion of the property. They claimed to be the tenants thereof. Respondents then paid rent to the Castros' overseer, Armando Duran, and continued to occupy half of the property to petitioner's damage and prejudice.

In their answer, respondents denied Dionisia's claim that she was the bona fide leasehold tenant. They claimed that they inherited the lease rights to the property from their deceased father. Respondents pointed out that petitioner was a woman who could not possibly work or till the land by herself. They likewise averred that they were the ones actually cultivating the portion occupied by them. Hence, petitioner's claim to be the lawful agricultural lessee had no basis, either in fact or in law.

After attempts to amicably solve the dispute failed, the DARAB Provincial Adjudicator (PARAD) ruled for petitioner, thus:

WHEREFORE, premises considered, judgment is hereby rendered as follows:

1. Ordering respondents Ricardo Reyes, Lazaro Reyes, Narciso Reyes and Marcelo Reyes to respect the tenurial status of herein petitioner Dionisia Reyes over the disputed landholding;

2. Ordering respondents to return the one-hectare portion which had been taken forcibly and to cease and desist from molesting, interfering, occupying petitioner's peaceful possession over the disputed landholding;
3. No pronouncement as to costs.

SO ORDERED.[2]

Respondents then seasonably appealed the PARAD's judgment to the DARAB-Central Office. In its decision of September 1, 1997, however, the DARAB-Central Office disposed of the appeal as follows:

WHEREFORE, premises considered, the instant appeal is hereby DISMISSED for lack of merit and the subject decision AFFIRMED.

SO ORDERED.[3]

In affirming the ruling of the PARAD, the DARAB Central Office found that pursuant to the agricultural lease contract entered into between Dionisia and the Castros, the former was designated by the latter to substitute the late Felizardo Reyes as tenant. It held:

When an agricultural tenant dies, the choice for the substitute tenant is given to the land owner. It is the latter who has the option to place a new tenant of his choice on the land. That choice is, however, not absolute as it shall be exercised from among the surviving compulsory heirs of the deceased tenant. Hence, the surviving heirs cannot preempt that choice by deciding among themselves who shall take-over the cultivation or opting to cultivate the land collectively. It is only when the landowner fails to exercise such right, or waive the same, that the survivors may agree among themselves regarding the cultivation. The law is specific on the matter as so provided in Section 9, Republic Act No. 3844[4]

x x x

Neither is their argument that Plaintiff-Appellee, being a woman, is not capable of discharging the demands of farming, valid. This Board finds said argument anachronistic with the changing times of great awareness of the potentials of women. Women today are found manning our commerce and industry, and agriculture is no exception.[5]

In accordance with Section 54 of the Comprehensive Agrarian Reform Law (R. A. No. 6657),[6] respondents elevated the case to the Court of Appeals, which docketed their appeal as CA-G.R. SP No. 47033. On appeal, respondents changed their theory. They abandoned their argument that they had inherited the tenancy rights of their late father and instead postulated that an "implied tenancy" had been created when the Castros' overseer accepted rentals totaling 40 cavans of palay from them on behalf of the owner. As earlier stated, the appellate court reversed the decision of the DARAB-Central Office. The decretal portion of its decision reads:

WHEREFORE, premises considered, the petition is hereby GRANTED. The respondent is ordered to respect the tenurial status of petitioners over the one (1) hectare portion of the two (2) hectare-property of Ramon R. Castro situated in Barangay Parulan, Plaridel, Bulacan.

No costs.

SO ORDERED.[7]

The Court of Appeals held that an "implied tenancy" existed between herein respondents and the landowner because:

...In point of time, Ricardo Reyes' actual possession and cultivation of the subject property came earlier than the possession of respondent Dionisia Reyes by virtue of the said leasehold contract executed on November 6,

1989. Further, Armando Duran testified that he served as the overseer of the subject property from the period 1967 to 1993, since the time of Antonio Castro, after which, during the time of Marciano Castro up to the time of the administration of the subject property by Ramon R. Castro who inherited the same (TSN July 12, 1994, pp. 3, 9; Rollo, pp. 98, 104). In effect, Armando Duran was still the overseer of the subject property after the death of Felizardo Reyes on February 17, 1989 and was still the overseer of the subject property when he allowed petitioners to continue the tenancy thereof left by the late Felizardo. The fact that Armando Duran was the overseer for a period of sixteen (16) years, the petitioners were made to believe of his authority from the Castro family relative to the administration of the subject property. On this account, the acquiescence of Duran in allowing or permitting petitioner Ricardo Reyes to possess and cultivate of the one (1) hectare subject property immediately after the death of Felizardo is binding to the Castro family including Ramon Castro, the new landowner.[8]

The appellate court then went on to rule that by virtue of this “implied tenancy” created in favor of herein respondents, the leasehold contract between the Castros and petitioner could be made effective only on the other one - hectare portion of the disputed property.

Hence, the instant petition, anchored on the following assignment of errors:

A.

THE COURT OF APPEALS COMMITTED REVERSIBLE ERROR OF LAW IN DISREGARDING THE SUBSTANTIAL EVIDENCE RULE BY OVERTURNING THE BINDING FINDINGS OF FACT OF THE DARAB PROVINCIAL ADJUDICATOR AND THE NATIONAL DARAB ITSELF.

B.

THE COURT OF APPEALS COMMITTED REVERSIBLE ERROR OF LAW IN HOLDING, WITHOUT BASIS IN FACT AND LAW, BUT MERELY ON THE BASIS OF ILLOGICAL SURMISE AND MANIFESTLY MISTAKEN INFERENCE, THAT HEREIN RESPONDENTS WERE MADE TO BELIEVE THAT THE OVERSEER HAD AUTHORITY FROM THE LANDOWNER TO INSTITUTE TENANT/S FOR THE LAND, UPON THE BARE PREMISE THAT THE OVERSEER WAS SUCH FOR 16 YEARS.

C.

THE COURT OF APPEALS COMMITTED REVERSIBLE ERROR OF LAW IN HOLDING, WITHOUT BASIS IN FACT AND LAW, BUT MERELY ON THE BASIS OF ILLOGICAL SURMISE AND MANIFESTLY MISTAKEN INFERENCE, THAT THE ACQUIESCENCE OF THE OVERSEER TO RICARDO REYES’ POSSESSION AND CULTIVATION OF THE 1-HECTARE PORTION OF THE LAND IMMEDIATELY AFTER THE DEATH OF THE ORIGINAL TENANT IS BINDING ON THE LANDOWNER.

D.

THE COURT OF APPEALS COMMITTED REVERSIBLE ERROR OF LAW IN HOLDING, WITHOUT BASIS IN FACT AND LAW, BUT MERELY ON THE BASIS OF ILLOGICAL SURMISE AND MANIFESTLY MISTAKEN INFERENCE THAT AN IMPLIED TENANCY WAS ESTABLISHED BETWEEN THE LANDOWNER AND HEREIN RESPONDENTS RICARDO L. REYES, ET AL., UPON THE BARE PREMISE THAT THE OVERSEER HAD ALLOWED THEM TO CONTINUE THE LEASEHOLD RELATION LEFT BY THE ORIGINAL TENANT AS TO THE 1-HECTARE PORTION OF THE LAND.

E.

THE COURT OF APPEALS COMMITTED REVERSIBLE ERROR OF LAW IN HOLDING, WITHOUT BASIS IN FACT AND LAW, BUT MERELY ON THE BASIS OF ILLOGICAL SURMISE AND MANIFESTLY MISTAKEN INFERENCE, THAT HEREIN PETITIONER DIONISIA L. REYES CANNOT BE CONSIDERED A TENANT EVEN IF SO DESIGNATED IN A WRITTEN CONTRACT, UPON THE BARE PREMISE THAT THE 1-HECTARE PORTION OF THE LAND WAS IN THE ACTUAL POSSESSION OF HEREIN RESPONDENTS RICARDO L. REYES, ET AL.

F.

THE COURT OF APPEALS COMMITTED REVERSIBLE ERROR OF LAW IN HOLDING, WITHOUT BASIS IN FACT AND LAW, BUT MERELY ON THE BASIS OF ILLOGICAL SURMISE AND MANIFESTLY MISTAKEN INFERENCE, THAT HEREIN RESPONDENTS RICARDO L. REYES, ET AL. HAVE SQUARELY MET THE REQUIREMENTS OF THE LAW FOR THE EXISTENCE OF A TENANCY RELATIONSHIP BETWEEN THEM AND THE LANDOWNER.[9]

The grounds relied upon by petitioner can be reduced to only two issues, to wit:

- (1) Did the Court of Appeals err in disregarding the substantial evidence rule with respect to the DARAB findings?
- (2) Did the appellate court commit a reversible error of law in finding that respondents had satisfactorily met the requirements of a tenancy relationship?

At the outset, respondents are reminded of the time-honored rule that in the interests of fair play and substantial justice, a party is barred from changing his theory of the case on appeal.

On the first issue, petitioner pleads that in agrarian cases, the power of appellate review is limited to questions of law and findings of fact of the DARAB, when supported by substantial evidence, shall be binding upon the Court of Appeals. Hence, the appellate court cannot make its own findings of fact and substitute the same in lieu of the findings of the DARAB, unless there was grave abuse of discretion on the part of the DARAB. Consequently, it was error for the appellate court to make its own finding that respondent Ricardo Reyes assumed possession and cultivation of the land from the time Felizardo died. Petitioner points out that this finding by the Court of Appeals contradicted the finding of the DARAB that petitioner Dionisia Reyes took over the cultivation of the property after their father's death. Petitioner further stresses that the finding by the appellate court of Ricardo's previous possession runs counter to the finding of the DARAB that Ricardo was a mere usurper who forcibly took over the disputed one-hectare portion. The appellate court also erred in finding that Ricardo and other respondents were made to believe that overseer Duran had authority to bind the Castro family to allow them to possess and cultivate the lot. This is because the DARAB found that Duran's authority was limited only to collecting rentals from tenants duly appointed by the Castros, and Duran was in bad faith in accepting two rentals from Ricardo and his co-respondents.

Respondents argue that Duran being the overseer of the landowner is an extension of the latter's personality as an agent of the Castros. Ramon Castro, who succeeded after Marciano Castro's death, in allowing his overseer to accept agricultural rentals from respondents is now estopped from denying that the latter are his tenants. Moreover, they should be given the opportunity to work the land since this is after all what their late father, Felizardo, wanted before his demise.

In *Malate vs. Court of Appeals*, we held that:

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.[10]

Stated differently, the appellate court cannot make its own findings of fact and substitute the same for the findings of fact of the DARAB.

A perusal of the assailed decision clearly shows that nowhere did the Court of Appeals rule that the findings of fact of the DARAB Region III Provincial Adjudicator or the DARAB-Central Office were unsupported by substantial evidence. Nor did the appellate court hold that said findings were made with grave abuse of discretion on the part of the agrarian quasi-judicial agencies. An examination of the record categorically shows that the findings of fact of the DARAB were supported by substantial evidence. Perforce, the Malate ruling must apply to the instant case. The finding of the DARAB that petitioner, by virtue of the contract of agricultural leasehold entered into between her and the Castros, is the substitute tenant of the latter in lieu of her deceased father, is binding upon the appellate court and this Court. Equally conclusive upon the court a quo and this Court is the finding by the DARAB that respondents were mere usurpers who failed to present any proof as to the existence of a tenancy relationship between them and the Castro family.

On the second issue, the appellate court found that an implied tenancy was created when Duran, the ex-overseer of the Castros, acquiesced in the taking over and cultivation of a one-hectare portion of the land. It went on to rule that the Castros were estopped from denying this implied tenancy in view of the fact that they had allowed Duran, as their agent, to accept rentals from respondents.

Before us, petitioner asserts that Duran cannot be deemed an implied agent of the Castros under Article 1869 of the Civil Code[11] since there are neither acts nor omissions of either Marciano Castro or Ramon Castro from which to imply an agency. She also submits that there is no estoppel to bind the Castros to the acts of Duran, since the former had no knowledge of the assumption by Duran of their authority. Furthermore, the landowners made no false representations or deception vis-à-vis respondents. Hence, the elements of estoppel are not present in this instance.

Respondents aver that an implied tenancy existed in view of the fact that Duran was undisputably the overseer of the landowner. They add that Duran, as overseer, accepted 20 cavans of palay as rentals on October 17, 1990 and another 20 cavans on April 1, 1991 from Ricardo. Receipt of these rentals was properly documented.[12] Duran then delivered the rentals to Elena Castro, sister of Ramon, who in turn delivered the rentals to the latter. An implied tenancy was created between respondents and Ramon, said the respondents, since Duran as overseer of the landholding was the extension of the personality of the landowner. They aver that in effect, a delivery of rentals to Duran was a delivery to an agent of the landowner. They argue that having accepted the rental payments made to his agent, Ramon is now estopped from denying the existence of an implied tenancy between him and respondents.

We find respondents' contentions far from persuasive.

The present dispute involves an agricultural leasehold. The governing law is R.A. No. 3844,[13] which, except for Section 35 thereof, was not specifically repealed by the passage of the Comprehensive Agrarian Reform Law of 1988 (R.A. No. 6657), but was intended to have suppletory effect to the latter law.[14] Under R.A. 3844, two modes are provided for in the establishment of an agricultural leasehold relation: (1) by operation of law in

accordance with Section 4 of the said act; or (2) by oral or written agreement, either express or implied.[15] By operation of law simply means the abolition of the agricultural share tenancy system and the conversion of share tenancy relations into leasehold relations. The other method is the agricultural leasehold contract, which may either be oral or in writing. In the instant case, it is not disputed that an agricultural leasehold contract was entered into between petitioner and Ramon Castro. Respondents, however, insist that an agricultural leasehold contract over a one-hectare portion of the landholding arose as a result of the actions of Ramon's overseer, who must be viewed as the latter's agent. They conclude that because of this implied leasehold, the application of the contract between petitioner and the landowner should be limited to the remaining portion of the property.

Respondents' reasoning is flawed. While undoubtedly Duran was an agent of Ramon, he was not a general agent of the latter with respect to the landholding. The record shows that as overseer, Duran's duties and responsibilities were limited to "issu(ing) receipt(s), selling mangoes and bamboo trees and all other things saleable." [16] Thus, by his own admission, Duran was a special agent under Article 1876 of the Civil Code. [17] Duran's duties and responsibilities as a special agent do not include the acceptance of rentals from persons other than the tenant so designated by the landowner. Duran's authority as a special agent likewise excludes the power to appoint tenants or successor-tenants. Clearly, Duran acted beyond the limits of his authority as an agent. We cannot agree with the Court of Appeals did that since Duran had been the overseer of the Castros for 16 years, he thereby made respondents believe he had full authority from the Castro family relative to the administration of the subject property. Regardless of the number of years that Duran had been the overseer of the Castros, there is absolutely no showing that he was ever authorized to appoint tenants or successor-tenants for the Castros, nor to accept rentals from the persons he would appoint. Absent substantial evidence to show Duran's authority from the Castros to give consent to the creation of a tenancy relationship, his actions could not give rise to an implied tenancy. In fact, Duran admitted that he was aware of the existence of the leasehold contract between petitioner and the Castros, naming the former as the successor-tenant to the property. [18] Since an implied tenancy between the same landowners and respondents is incompatible with this express and written leasehold contract and given the absolute lack of substantial evidence to support the existence of an implied tenancy, the express tenancy contract must be maintained.

Respondents contend, however, that Ramon Castro, having received the 40 cavans from Duran, is now estopped to deny the existence of an implied tenancy. We find nothing in the records, however, to support respondents' stance. Duran testified that he did not deliver the palay rentals to Ramon, but to his sister, who in turn told him that she had forwarded the palay to Ramon. [19] Duran had no personal knowledge that Ramon received the rentals which the former had allegedly delivered to the latter's sister. His testimony with respect to the receipt by Ramon of the rentals is hearsay and has no probative value. The receipts issued to respondents do not bear the name and signature of Ramon Castro. Given these circumstances, Ramon Castro cannot be deemed estopped from denying the existence of a tenancy relationship between him and respondents.

One final note. Respondents' original stance before the DARAB that they had inherited or succeeded to the tenancy rights of their late father is likewise erroneous. As correctly found by the DARAB:

Defendants-Appellants should not confuse the law on succession provided for in the Civil Code of the Philippines with succession in agrarian cases. In the former, (the) statute spreads the estate of the deceased throughout his heirs; while in agrarian laws, the security of tenure of the deceased tenant shall pass on to only one (1) heir in the manner provided for in Section 9... [20]

We are thus constrained to conclude that respondents' original stance as well as new theory of implied tenancy is without merit.

WHEREFORE, the petition is GRANTED. The decision of the Court of Appeals in CA-G.R. SP No. 47033 is

REVERSED and SET ASIDE. The judgment of the DARAB in DARAB Case No. 3625 affirming the decision of the Provincial Adjudicator of DARAB Region III in DARAB Case No. 249-Bul-91 is hereby REINSTATED. No pronouncement as to costs.

SO ORDERED.

Bellosillo, (Chairman), Mendoza, and Austria-Martinez, JJ., concur.

[1] Rollo, pp. 104-110, penned by Associate Justice B.A. Adefuin-Dela Cruz and concurred in by Associate Justices Fermin A. Martin, Jr. and Presbitero J. Velasco, Jr.

[2] CA Rollo, p. 42.

[3] Id. at 31.3

[4] SEC. 9. Agricultural Leasehold Relation Not Extinguished by Death or Incapacity of the Parties. - In case of death or permanent incapacity of the agricultural lessee to work his landholding, the leasehold shall continue between the agricultural lessor and the person who can cultivate the landholding personally, chosen by the agricultural lessor within one month from such death or permanent incapacity, from among the following: (a) the surviving spouse; (b) the eldest direct descendant by consanguinity; or (c) the next eldest descendant or descendants in the order of their age: Provided, That in case the death or permanent incapacity of the agricultural lessee occurs during the agricultural year, such choice shall be exercised at the end of that agricultural year: Provided, further, That in the event the agricultural lessor fails to exercise his choice within the periods herein provided, the priority shall be in accordance with the order herein established.

In case of death or permanent incapacity of the agricultural lessor, the leasehold shall bind his legal heirs.

[5] Rollo, pp. 57-58.

[6] SEC. 54. Certiorari. – 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.

[7] Supra, note 5 at 110.

[8] Id. at 107-108.

[9] Id. at 130-132.

[10] 218 SCRA 572, 576 (1993), citing Heirs of E.B. Roxas, Inc., et al. vs. Tolentino, et al., 167 SCRA 334 (1988), Bagsican vs. Court of Appeals, et al., 141 SCRA 226 (1986).

[11] ART. 1869. Agency may be express, or implied from the acts of the principal, from his silence or lack of action, or his failure to repudiate the agency, knowing that another person is acting on his behalf without authority.

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[12] CA Rollo, p. 114, Exhibit “2” and sub-markings.

[13] Entitled “An Act To Ordain The Agricultural Land Reform Code And To Institute Land Reforms In The

Philippines, Including The Abolition of Tenancy And The Channeling Of Capital Into Industry, Provide For The Necessary Implementing Agencies, Appropriate Funds Therefor And For Other Purposes.”

[14] Rep. Act. No. 6657, Sec. 75. Suppletory Application of Existing Legislation. – The provisions of Republic Act No. 3844 as amended, Presidential Decree Nos. 27 and 266 as amended, Executive Order Nos. 228 and 229, both Series of 1987; and other laws not inconsistent with this Act shall have suppletory effect.

[15] Rep. Act. 3844, Sec. 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 case, either orally or in writing, expressly or impliedly.

[16] CA Rollo, p. 99.

[17] ART. 1876. An agency is either general or special.

The former comprises all the business of the principal. The latter, one or more specific transactions.

[18] Supra, note 16 at 104-105.

[19] Id. at 110.

[20] Id. at 30.

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