EPITACIO SIALANA, PETITIONER, VS. MARY Y. AVILA (DECEASED) SUBSTITUTED BY HER HEIRS, JAMES AVILA, EDWARD AVILA, JEORGE AVILA AND MILAGROS AVILA, RESPONDENTS.

G.R. NO. 143598. July 20, 2006

Ponente: AUSTRIA-MARTINEZ, J.

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AUSTRIA-MARTINEZ, J.:

Annexed to the great and sacred charge of protecting the weak is the diametric and functional approach to weigh all considerations of social advantage,[1] to inquire into the overlapping social interests in the adjustment of conflicting demands and expectations of the people,[2] and to recognize the social interdependence of these interests,[3] ultimately with a view to arrive at an equitable solution for all parties concerned. The resolution over the tragedies of social unrest that have no doubt checkered the past bears significantly upon the social order.[4] In the adjudication of agrarian disputes, this Court has always been mindful of the jural postulates of social justice especially where doubts arise in the interpretation of the law. But the same edicts cannot oblige the Court to shield illegal acts, nor do they sanction false sympathy towards a certain class, nor yet should they deny justice to the landowners who, under the Constitution and laws, are also entitled to protection.[5]

Before this Court is a petition for certiorari under Rule 45 questioning the Decision[6] dated July 22, 1999 promulgated by the Court of Appeals (CA) in CA-G.R. SP No. 49323 which reversed the Decision dated June 10, 1998 of the Adjudication Board of the Department of Agrarian Reform (DARAB).

The antecedents of the case follow:

On September 18, 1991, Epitacio Sialana (petitioner) and his spouse, now deceased, filed with the Department of Agrarian Reform Adjudication Board, Region VII, Cebu City (Regional DARAB), a complaint against the respondents for the declaration of tenancy status. Petitioner alleged that he and his spouse are tenants over a parcel of land owned by respondents located at South Poblacion, San Fernando, Cebu; that they had occupied the property since 1958 and built a house thereon; that they cultivated the land and harvested its produce; that they gave definite shares in the produce to respondents and their predecessors-in-interest; and that, as tenants, they enjoy security of tenure.

In their Answer, Mary, James, Edward, Jeorge and Milagros, all surnamed Avila (respondents), the successors-in-interest of Rafael Avila, then the naked owner of the landholding in question and who allegedly instituted petitioner and his spouse as tenants on the landholding, averred that the latter are mere usurpers; that they never consented to the alleged tenancy; that they never received any share in the produce; and that, in view of these reasons, petitioner and his spouse should be ejected.

On October 13, 1993, the Regional DARAB rendered a decision in favor of respondents, the dispositive portion of which states:

> WHEREFORE, in the light of the foregoing reasons, the instant suit is hereby DISMISSED for want of merit.

> Accordingly, [petitioner and his spouse] are directed to give the amounts of P6,094.29, P859.00 and the undeposited amount of P238.60, and P360.65 to the respondents to whom it is rightfully due for the mere use of the land in question.[7]

The Regional DARAB found that although the petitioner and his spouse occupied the property in question, they failed to prove by substantial evidence that the landowners had given their prior consent; that the self-serving statements of petitioner cannot establish the tenancy relationship; and that the petitioner and his spouse delivered the shares of the produce not to respondents but to Alfonso Canoy and her mother, a certain Diosdada "Nang Daday" Canoy, the overseers appointed by respondents; that Alfonso Canoy turned over the shares to his mother and no other.

Aggrieved, petitioner and his spouse appealed to the DARAB. On June 10, 1998, the DARAB promulgated its Decision reversing the Regional DARAB, the dispositive portion of which reads:

> WHEREFORE, premises considered, the decision appealed from is hereby REVERSED and a new judgment rendered:
>
> - Declaring [petitioner and his spouse] as de jure tenants in the questioned landholding; and
>
> - Ordering [respondents] to refrain from committing any act/acts that will disturb the peaceful possession of the [petitioner and his spouse] over the landholding in controversy or dispossess them from the same.
>
> SO ORDERED.[8]

In brief, the DARAB held that Rafael Avila constituted the petitioner and his spouse as tenants sometime in 1958; and that the doctrine enunciated in Santos v. Vda. De Cerdenola[9] which supposedly provides that an implied contract of tenancy is created if a landholder, represented by his overseer, permits the tilling of the land by another for a period of at least six years, applies in the instant case.

Respondents appealed to the CA. On July 22, 1999, the CA rendered a Decision which reversed the DARAB Decision, the dispositive portion of which states:

> WHEREFORE, foregoing considered, the present petition is hereby GRANTED. The appealed decision is hereby REVERSED and SET ASIDE. The decision of the DARAB, Region VII, Cebu City is hereby REINSTATED.
>
> Costs against [the petitioner and his spouse].
>
> SO ORDERED.[10]

In affirming the Decision of the Regional DARAB, the CA, in addition, held that although the Santos case may provide the basis for the institution of the tenancy relationship by implication through the overseer of the landlord, there was no showing that the overseer, Diosdada Canoy, or her son and grandson who succeeded her, were ever duly authorized to represent respondents or their predecessors-in-interest; that, instead, the overseers acted in their own names; that the juridical relationship between respondents or their predecessors-in-interest and the overseers is a lease of services and not one of agency; that the fact that the overseers were allowed to gather fruits for their livelihood does not mean that they possessed any special power of attorney for purposes of carrying out acts of dominion or creating real rights over immovable property, the authority of which petitioner failed to show; that petitioner failed to ascertain the extent and limits of the authority of the overseers; and that respondents cannot be estopped from alleging lack of authority of the overseers since there was no evidence to indicate any notice or knowledge on their part over the occupancy of petitioner and his spouse, nor did respondents ratify the transaction entered into by the overseers.

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Petitioner is now before this Court via Rule 45 and assigns the following errors:

> - The Honorable COURT OF APPEALS, Seventeenth Division, erred in applying the law on lease of services on the status of Diosdada Canoy and Alfonso Canoy, Jr., as overseers.
>
> - The Honorable COURT OF APPEALS, Seventeenth Division, erred in not applying the law on Security of Tenure of agricultural tenant [sic] and the law on Succession in agrarian matters.
>
> - The Honorable COURT OF APPEALS, Seventeenth Division, erred in not applying the equitable doctrine in agrarian matters that any doubt shall be resolved in favor of the tenant-farmer, agricultural lessee, etc.[11]

The petition has no merit.

The principal question is whether the petitioner is an agricultural tenant in the landholding owned by respondents. The corollary issue is whether the tenancy was deemed to have been impliedly instituted.

Petitioner insists that Rafael Avila, the predecessor-in-interest of respondents, gave his express consent in the establishment of the tenancy, and, as a consequence, petitioner is entitled to security of tenure which respondents are bound to respect. But this Court in the case of Berenguer, Jr. v. Court of Appeals,[12] the doctrine of which has been affirmed in a long line of cases, held that self-serving statements regarding tenancy relations cannot establish the claimed relationship. There must be substantial evidence on the record adequate enough to prove all the elements of tenancy,[13] to wit: (1) the parties are the landowner and the tenant; (2) the subject is agricultural land; (3) there is consent by the landowner; (4) the purpose is agricultural production; (5) there is personal cultivation; and (6) there is sharing of the harvests.[14] 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.[15] 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.[16] We agree with the findings of the CA and the Regional DARAB that aside from his testimony that he was expressly instituted as tenant by Rafael Avila, petitioner was unable to buttress that claim with other evidence which might obviate the apparent biased nature of the testimony.[17]

Nor could this Court agree with the holding of the DARAB that an implied contract of tenancy had been established. As stated above, the DARAB, ostensibly borrowing the language of Santos v. Vda. De Cerdenola,[18] held that "[a]n implied contract of tenancy is created if a landholder, represented by his overseer, permits the tilling of the land by another for a period of six years."[19] Since petitioner and his spouse had been tilling the farmholding for over six years, or from 1958 up to the filing of the case, then it follows, the DARAB reasons, that an implied contract of tenancy is created.

This Court must underscore that the aforequoted excerpt does not accurately reflect the ratio of the Santos decision. The DARAB quoted only a portion of the digest found in the "syllabus" of the Santos case which customarily precedes the decision proper, but which because of its condensed format may not fairly echo the doctrinal force of the ratio. To clarify the matter, we quote in verbatim the relevant dicta of the Court:

> x x x x The main contention of petitioner as may be gleaned from the records of this case is that the relationship of landholder and tenant terminated upon the death of respondent Cerdenola's husband in November, 1952. While this may be true, the fact that respondent, assisted by members of her immediate farm household, was allowed to continue to cultivate the land under the same terms of tenancy from 1952 up to 1958 when she was ejected, made her, in her own right, a tenant by virtue of Section 7 of Republic Act 1199 which provides that tenancy relationship may be established either expressly or impliedly. In this case, such tenancy relationship resulted from the conduct of both the tenant and the landholder represented by his overseer in permitting the tilling of the soil for a period of 6 years. Hence an implied contract of tenancy was

> created. And the law provides that once such relationship is established, the tenant shall be entitled to security of tenure as provided in the law. Therefore, the respondent's ouster in 1958 for no reason other than the supposed termination of the tenancy relationship as a result of the death of her husband, is contrary to the provisions of the tenancy law x x x x[20] (Emphasis supplied)

It is evident from the foregoing declarations in Santos that, for an implied tenancy to come about,[21] the actuations of the parties taken in their entirety must be demonstrative of an intent to continue a prior lease established by the landholder, and the conduct of the overseer in permitting the lease, whose representative capacity to enter or continue the leasehold had not at all been questioned or put squarely in issue in that case, must be taken into account. Additionally, the Court must note that the pronouncement in Santos relating to the six-year period is not to be construed as an inflexible or dogmatic condition for an implied tenancy to arise, since that pronouncement had been fashioned to accommodate the factual circumstances peculiar to that case alone. The CA is correct in its construction of the Santos doctrine:

> In this case, no evidence was submitted to prove that Diosdada Canoy or her son and grandson, who took over the overseeing the farmholding, were ever authorized by [respondents] or their predecessor[s]-in-interest to represent the [respondents].
>
> x x x x
>
> Since the overseers were merely appointed to take care of the farmholding, the overseers cannot act in behalf of the [respondents]. The acts of the overseers cannot be considered as the acts of [respondents].
>
> Hence, when the overseers allowed [petitioner and his spouse] to occupy the land and when the overseers received the share in the produce of the land from [petitioner and his spouse], the overseers acted on their own and not in representation of the [respondents] x x x
>
> x x x x
>
> Assuming arguendo that the overseers were indeed appointed as agents of [respondents] and were capable of representing the latter, [petitioner and his spouse] cannot still be considered as tenants in the farmholding.
>
> x x x x
>
> The authority given to the overseers to gather fruits for their livelihood does not include the authority to create a real right over the immovable owned by the [respondents] x x x.[22]
>
> To do acts which are strictly acts of dominion, as in this case, in order that the tenancy over the farmholding is created, the agent must possess a special power of attorney showing his authority to do such act x x x.
>
> It was not shown that the overseers of [respondents] have this special power of attorney to create a real right in favor of [the petitioner or his spouse] over the farmholding x x x.
>
> x x x x
>
> The fact that [petitioner and his spouse] were allowed to occupy and till the land for years does not estop [respondents] from alleging lack of authority of the overseers.
>
> [Petitioner and his spouse] have not shown any evidence that will indicate notice or knowledge on the part of the [respondents or their predecessors] and the latter's consequent ratification of the transaction entered into with the overseers.
>
> In fact, it was established that overseer Alfonso Canoy never delivered the supposed share of the landlord to the [respondents]. Admittedly by Alfonso Canoy, the share[s] were delivered to Diosdada Canoy.[23]

The factual background of the instant case is also markedly similar to the recent case of Reyes v. Reyes,[24] the relevant discussion of which this Court reaffirms:

> Respondents aver that an implied tenancy existed in view of the fact that Duran was undisputedly 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 x x x 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.
>
> x x x x
>
> 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." Thus, by his own admission, Duran was a special agent under Article 1876 of the Civil Code. 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 [ ] 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 x x x.
>
> 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. 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.[25]

There being no proof that the landowners, herein respondents and their predecessor-in-interest, Rafael Avila, expressly or impliedly created the tenancy relationship with the petitioner, the latter therefore cannot be considered a de jure tenant, nor can petitioner claim, with more reason, any entitlement to security of tenure under agrarian reform laws.

Petitioner, furthermore, contends that he was "directly and actually giving shares of harvests to Mrs. Avila at her residence;" and that he also turned over the proceeds of the shares of the harvests to the household helper of respondent Mary Y. Avila (now deceased) as evidenced by receipts which, petitioner argues, had not been controverted.

His contentions are factual in nature. In agrarian cases, when the appellate courts confirm that the findings of fact of the agrarian courts are based on substantial evidence as borne out by the record, such findings are conclusive

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and binding on the appellate courts.[26] Accordingly, this Court will not disturb the factual findings of the Regional DARAB, as affirmed by the CA, that the shares were delivered to the overseers only, and who, as stated, lacked the requisite authority to bind their principals, considering that this conclusion was supported by substantial evidence.

And last, petitioner theorizes that the overseers had been granted usufructuary rights. While it is established in civil law that a usufructuary may in certain cases lease the property under his stewardship to another,[27] suffice it to say that this is a matter which was raised for the first time on appeal[28] and cannot be considered for review-to consider questions belatedly raised tramples on the basic principles of fair play, justice and due process.[29]

WHEREFORE, the instant petition is DENIED and the assailed Decision of the Court of Appeals is AFFIRMED.

No pronouncement as to costs.

SO ORDERED.

Panganiban, (Chairperson), Ynares-Santiago, Callejo, Sr., and Chico-Nazario, JJ., concur.

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[1] See Oliver Wendell Holmes, The Path of the Law, 10 Harv. L. Rev. 457 (1897).

[2] See Roscoe Pound, A Survey of Social Interests, 57 Harv. L. Rev. 1 (1943); Eugene Ehrlich, Montesquieu and Sociological Jurisprudence, 29 Harv. L. Rev. 582 (1916).

[3] ROSCOE POUND, AN INTRODUCTION TO THE PHILOSOPHY OF LAW 47 (Yale University Press, 1954)

[4] See EDUARDO F. HERNANDEZ, ET AL., LANDOWNERS' RIGHTS UNDER THE AGRARIAN REFORM PROGRAM 21 (2004) citing YUJIRO HAYAMI, ET AL., TOWARD AN ALTERNATIVE LAND REFORM PARADIGM: A PHILIPPINE PERSPECTIVE (1990); RODOLFO V. ROMERO, MISSED OPPORTUNITIES: THE PHILIPPINE ECONOMY 1970-1994 (1995); JOAQUIN G. BERNAS, S.J., A LIVING CONSTITUTION: THE CORY AQUINO PRESIDENCY (2000).

[5]Land Bank of the Philippines v. Court of Appeals, 319 Phil. 246, 262 (1995).

[6]Penned by Associate Justice Eugenio S. Labitoria (now retired), with Associate Justices Marina L. Buzon and Edgardo P. Cruz, concurring.

[7] CA rollo, p. 15.

[8]DARAB Decision, pp. 3-4; CA rollo, pp. 25-26.

[9] 115 Phil. 813 (1962).

[10] CA Decision, pp. 9-10, rollo, pp. 22-23.

[11] Rollo, pp. 2-3.

[12] No. L-60287, August 17, 1988, 164 SCRA 431, 439.

[13] Sumawang v. De Guzman, G.R. No. 150106, September 8, 2004, 437 SCRA 622, 628; VHJ Construction and Development Co., Inc. v. Court of Appeals, G.R. No. 128534, August 13, 2004, 436 SCRA 392, 398-399; Valencia v. Court of Appeals, 449 Phil. 711, 736 (2003); Bunye v. Aquino, 396 Phil. 533, 542 (2000); Bejasa v.

Court of Appeals, 390 Phil. 499, 507 (2000).

[14] Sumawang v. De Guzman, id.; Verde v. Macapagal, G.R. No. 151342, June 23, 2005, 461 SCRA 97, 106; Laresma v. Abellana, G.R. No. 140973, November 11, 2004, 442 SCRA 156, 171; Mon v. Court of Appeals, G.R. No. 118292, April 14, 2004, 427 SCRA 165, 175; Valencia v. Court of Appeals, id.

[15] VHJ Construction and Development Co., Inc. v. Court of Appeals, id. citing Chico v. Court of Appeals, 400 Phil. 800 (2000). Cf. Deloso v. Marapao, G.R. No. 144244, November 11, 2005, 474 SCRA 585; Mon v. Court of Appeals, id.

[16] Sumawang v. De Guzman, id.

[17] CA Decision, p. 4; rollo, p. 17.

[18] Supra note 9.

[19] DARAB Decision, p. 3; rollo, p. 25.

[20] Santos case, supra at 829.

[21] See also the doctrines on the institution of an implied civil law lease for purposes of comparison. CIVIL CODE (1950), Arts. 1670 & 1672.

[22] Art. 1878. Special powers of attorney are necessary in the following cases:

x x x x

(8) To lease any real property to another person for more than one year;

x x x x

(12) To create or convey real rights over immovable property;

x x x x

Id.

[23] CA Decision, pp. 5-9; rollo, pp. 18-22.

[24] 437 Phil. 274 (2002).

[25] Supra at 481-483.

[26] Planters Development Bank v. Garcia, G.R. No. 147081, December 9, 2005, 477 SCRA 185; Mon v. Court of Appeals, supra; Valencia v. Court of Appeals, supra; Milestone Realty and Co., Inc. v. Court of Appeals, 431 Phil. 119,130 (2002). But see Rivera v. Roman, G.R. No. 142402, September 20, 2005, 470 SCRA 276, 287; The Insular Life Assurance Company, Ltd. v. Court of Appeals, G.R. No. 126850, April 28, 2004, 428 SCRA 79, 86; Aguirre v. Court of Appeals, G.R. No. 122249, January 29, 2004, 421 SCRA 310, 319; C & S Fishfarm Corporation v. Court of Appeals, 442 Phil. 279, 288 (2002) (recognizing several exceptions in which factual issues may be resolved in proceedings before the Supreme Court).

[27]CIVIL CODE (1950), Arts. 568 & 572.

[28] The petitioner introduced his theory on usufructuary in his Memorandum filed with the Court. Memorandum for Petitioner dated October 5, 2000, p. 4; Rollo, p. 59. But nowhere is this argument found in his Petition dated January 25, 2000 filed with the Court, Rollo, pp. 7-12, or in any other pleading or paper in the proceedings below.

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[29]Cruz v. Fernando, G.R. No. 145470, December 9, 2005, 477 SCRA 173, 182; Department of Agrarian Reform v. Franco, G.R. No. 147479, September 26, 2005, 471 SCRA 74, 92-93; Gualberto v. Go, G.R. No. 139843, July 21, 2005, 463 SCRA 671, 678; Philippine Banking Corporation v. Court of Appeals, G.R. No. 127469, January 15, 2004, 419 SCRA 487, 503-04; De Rama v. Court of Appeals, G.R. No. 131136, February 28, 2001, 353 SCRA 94; Caltex (Phils), Inc. v. Court of Appeals, G.R. No. 97753, August 10, 1992, 212 SCRA 448, 461.

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