

HEIRS OF JOSE BARREDO, NAMELY, LOLITA BARREDO, ANNALIZA BARREDO AND MARICHU BARREDO-EPE, REPRESENTED BY MARICHU BARREDO-EPE, PETITIONERS, VS. LAVOISER BESAÑES, RESPONDENT.

G.R. No. 164695. December 13, 2010

Ponente: PERALTA, J.

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PERALTA, J.:

Before this Court is a petition for review on certiorari,[1] under Rule 45 of the Rules of Court, seeking to set aside the March 26, 2004 Decision[2] of the Court of Appeals (CA), in CA-G.R. SP No. 74345.

The facts of the case are as follows:

Estrella Javier (Javier) owned and operated J.M. Javier Builders Corporation, a logging company located in Sta. Filomena, Iligan City, where Jose Barredo (Barredo) was employed as a heavy equipment mechanic. The logging company was situated on three properties covering a total area of 6,858 square meters and consists of three parcels of land covered by Transfer Certificate of Title Nos. 47571, 47572 and 47573. Situated on the land was a camp with a four-unit bunkhouse where employees, for convenience, were allowed to stay.

Sometime in 1978, Barredo was terminated from his employment due to the closure of Javier's company which experienced business reverses. This prompted Barredo to file with the then Ministry of Labor a case for illegal dismissal and unpaid wages against Javier. The parties, however, amicably settled the dispute in June 1978. The terms of the settlement were embodied in the July 24, 1978 Order[3] of the then Ministry of Labor which provides, among others, that:

x x x it shall allow the complainant in the meantime that [ineligible phrase] no available work for the latter to find a job and he shall not be considered as having abandoned his job; that the respondent shall allow the complainant to remain in the former's camp situated at Sta. Filomena free of charge; and that the respondent shall extend financial assistance to the complainant in the sum of P200.00; x x x[4]

Complying with the terms of the settlement, Javier allowed Barredo to stay and remain at the bunkhouse of the company.

Three years after, on April 24, 1981, another Order was issued by the Ministry of Labor ordering Javier to pay Barredo separation pay.

On October 27, 1995, Javier sold the three parcels of land to Lavoiser Besañes (Besañes) as evidenced by a deed of sale. Consequently, three new Transfer Certificates of Title were issued to Besañes.

After selling the properties, Javier ordered Barredo to vacate the land. Javier, nevertheless, gave to the wife of Barredo the sum of P10,000.00 as a form of financial assistance. Subsequently, a fence was constructed around the land and Besañes introduced substantial improvements thereto such as a modern rice mill, warehouses, and

office buildings.

In the intervening time, however, Barredo, claiming that he was an agricultural tenant of Javier, filed with the Municipal Agrarian Reform Office (MARO) a claim for his right of pre-emption and redemption under the Comprehensive Agrarian Reform Law (CARL). After conducting a conference between the parties, the MARO released a report, denominated as an "Office Finding,"[5] where it declared that the determination of the existence of a tenancy relationship could not be determined due to the insufficiency of evidence.

The complaint was then elevated to the Department of Agrarian Reform Adjudication Board (DARAB) Regional Adjudicator of Iligan City. On July 18, 1997, the Regional Adjudicator rendered a Decision[6] dismissing Barredo's complaint, the dispositive portion of which reads:

WHEREFORE, all the foregoing considered, judgment is hereby rendered DISMISSING this case for lack of merit.

All claims and counterclaims are denied for lack of evidence.

SO ORDERED.[7]

The Regional Adjudicator ruled that Barredo was not the tenant of Javier, pointing out the fact that the continued stay of Barredo in the premises of the company was due to the Order of the Ministry of Labor. Because of this, the Regional Adjudicator agreed with the contention of Javier that Barredo's stay was only by mere tolerance. Furthermore, since Javier was subsequently ordered by the Ministry of Labor to pay Barredo separation pay, the Regional Adjudicator opined that in ordinary human experience, the landholder who had been experiencing business reverses would not willingly enter into another agreement that places a lien on the landholding to provide a remedy to his predicament. Finally, the Regional Adjudicator held that the very minimal produce of the alleged tenancy landholding negates tenancy and that the mere fact that the land was agricultural in nature did not immediately create tenancy relations between Javier and Barredo.

Aggrieved, Barredo appealed the decision of the Regional Adjudicator to the DARAB Central Office.

On December 18, 2000, the DARAB issued a Decision[8] ruling in favor of Barredo, the dispositive portion of which reads:

WHEREFORE, premises considered, the Decision of the Honorable Adjudicator a quo is hereby REVERSED. Complainant-Appellant Jose C. Barredo is declared a de jure tenant of the landowner, Estrella F. Javier, now Lavoiser Besaños, who shall be maintained in peaceful possession of the landholding subject of the controversy with rights appurtenant thereto.

SO ORDERED.[9]

In reversing the decision of the Regional Adjudicator, the DARAB ruled that there was an implied contract of tenancy between Javier and Barredo, because the latter was allowed to cultivate the land and that the former was receiving her share of the produce through her niece. In addition, the DARAB held that Javier's offer of P10,000.00 and a land as a homelot to Barredo was indicative of the existence of a tenancy relationship between them. Being a tenant of Javier, the DARAB concluded that Barredo was entitled to security of tenure and was thus entitled to the possession of the properties in dispute in accordance with law.

Both Javier and Besaños appealed the decision of the DARAB to the CA.

On May 26, 2004, the CA issued a Decision ruling in favor of Javier and Besaños, the dispositive portion of which reads:

WHEREFORE, the decision of the DARAB Central Office is hereby REVERSED and SET ASIDE. The decision of the Regional Arbitrator finding a lack of agricultural tenancy, being supported by substantial evidence, is hereby affirmed and reinstated.

No pronouncement as to costs.

SO ORDERED.[10]

The CA ruled that no tenancy relationship existed between Javier and Barredo for the following reasons: first, a landholder and tenant relationship was wanting;[11] second, Barredo failed to substantiate his claim of agricultural production;[12] third, the claimed sharing agreement presented some doubts;[13] and fourth, it was contrary to ordinary human experience for Barredo, who claimed he was a tenant, not to complain when the coconut trees found on the properties were leased to tuba gatherers in 1993.[14]

In February 2002, Barredo died in Iloilo City. Hence, herein petition, with the heirs of Barredo raising a lone issue for this Court's resolution, to wit:

WHETHER OR NOT THE LATE JOSE BARREDO WAS A DE JURE TENANT ON THE LAND COVERED UNDER TRANSFER CERTIFICATE OF TITLE NOS. 47571, 47572, 47573, WITH ALL THE RIGHTS APPURTENANT THERETO?[15]

At the crux of the controversy is the determination of whether or not Barredo is an agricultural tenant and, therefore, enjoys security of tenure.

Section 3 of Republic Act (R.A.) No. 1199, or The Agricultural Tenancy Act of the Philippines, defines agricultural tenancy as "the physical possession by a person of land devoted to agriculture belonging to, or legally possessed by another, for the purpose of production through the labor of the former and of the members of his immediate farm household, in consideration of which the former agrees to share the harvest with the latter, or to pay a price certain, either in produce or in money, or in both."

There is a tenancy relationship between parties if the following essential elements concur:

- 1) The parties are the landowner and the tenant or agricultural lessee;
- 2) The subject matter of the relationship is an agricultural land;
- 3) There is consent between the parties to the relationship;
- 4) The purpose of the relationship is to bring about agricultural production;
- 5) There is personal cultivation on the part of the tenant or agricultural lessee; and
- 6) The harvest is shared between landowner and tenant or agricultural lessee.[16]

All the foregoing requisites must be proved by substantial evidence and the absence of one will not make an alleged tenant a de jure tenant.[17] Unless a person has established his status as a de jure tenant, he is not entitled to security of tenure or covered by the Land Reform Program of the Government under existing tenancy laws.[18]

From this Court's assessment of the evidence at hand, We find that Barredo had failed to establish the existence of a tenancy relationship between him and Javier.

In the first place, it is undisputed that Barredo was an employee of Javier in the latter's logging business. Barredo, like his co-employees, was allowed to live in the bunkhouse of the company for his convenience. Clearly, therefore, the relationship of Javier and Barredo was one between an employer and an employee, and not between a landowner and a tenant. The continued stay of Barredo in the premises of the company was the result of the Order of the then Ministry of Labor which recognized the terms of the amicable settlement of Barredo and Javier in their labor dispute. It cannot be therefore claimed that such order converted the relationship of Barredo and

Javier into one of tenancy as clearly Barredo's stay in the property was by mere tolerance and was ordered by the Ministry of Labor. Moreover, the inexistence of tenancy relations is bolstered by the fact that Barredo's stay was "free of charge" as contained in the order of the Ministry of Labor, to wit:

x x x that the respondent shall allow the complainant to remain in the former's camp situated at Sta. Filomena free of charge; x x x[19]

Furthermore, this Court is inclined to believe that Barredo's activities in the properties cannot be classified as one for agricultural production. The records show that Barredo did not plant any additional coconut trees other than the ones already planted. While the DARAB ruled that Barredo had planted crops and vegetables, the extent of such production was not described and, more importantly, is not supported by evidence on record. Other than his bare allegation, Barredo has failed to substantiate the extent of his so-called agricultural production.

The MARO, in its report, made no mention that Barredo planted other crops and vegetables on the properties as the only fact established therein was that Barredo was harvesting from the 15 coconut trees already planted on the land. The CA's conclusion that such harvest must have all gone to Barredo's family consumption[20] is, therefore, reasonable as the small yield from 15 coconut trees cannot satisfy the requirement of agricultural production. In addition, the Regional Adjudicator was even more emphatic in her decision that no agricultural production transpired, to wit:

x x x The production of coconuts, by ordinary consideration, cannot sustain the existence of tenancy. While complainant alleged planting of other crops, no substantial evidence to buttress his allegation had been presented. There was no explanation offered why despite the availability of the area and the passage of time no additional planting of coconut trees has been done. The need for all of this clearly shows the absence of the requisite on the purpose which is agricultural production.[21]

This Court is not unmindful of the fact that Barredo alleged that Javier was receiving her share of the produce through her niece. However, assuming that the same were true, it was held in *De Jesus v. Moldex Realty, Inc.*[22] that "the fact of receipt, without an agreed system of sharing, does not ipso facto create a tenancy." [23] Applied to the case at bar, records are bereft of any indication that Javier and Barredo agreed to any system of sharing. Highlighted is the fact that the produce was not even delivered to Javier but to her niece. Moreover, even assuming arguendo that Javier received a portion of the harvest, the CA was correct when it declared that such fact alone will not per se prove the existence of the sharing agreement, more so if other elements of agricultural tenancy are not present.[24]

The finding of the DARAB of the existence of an implied contract of tenancy must necessarily fail in view of the foregoing discussion. For implied tenancy to arise, it is necessary that all the essential requisites of tenancy must be present.[25] Moreover, even if Javier may have acquiesced to Barredo's cultivation of the land, the same does not create an implied tenancy if Javier never considered Barredo a tenant in the first place.

Furthermore, this Court agrees with the observation of the CA that it was contrary to ordinary human experience for Barredo, who claimed he was a tenant, not to complain when the coconut trees found on the properties were leased to tuba gatherers in 1993, to wit:

Fourth, it must be noted that from the Office Findings of the MARO, Barredo admitted that the coconut trees were leased to tuba gatherers in 1993, and he ceased harvesting the trees from that time. He never said that he objected to it. His seeming acquiescence to the lease agreement is contrary to ordinary human experience if he was really the rightful tenant of the land. He should have cried foul there and then, when he was deprived of his harvest, which is supposed to be the lifeblood of a tenancy relationship. Instead, he allowed the lease and made no assertion of his alleged tenancy right whatsoever at that time. x x x[26]

Lastly, this Court finds that the offer of 100 square meters of land to Barredo by Javier does not prove the existence of a tenancy agreement. Section 27, Rule 130 of the Revised Rules of Evidence provides that an offer of compromise is not an admission of any liability. We share the observation of the CA that such offer may have stemmed from a motivation to buy peace or as an act of compassion for Barredo.

Based on the foregoing discussion, Barredo's petition must fail. The existence of a tenancy relationship cannot be presumed and allegations that one is a tenant do not automatically give rise to security of tenure.[27] Occupancy and continued possession of the land will not ipso facto make one a de jure tenant.[28] Based on the evidence as presented by Barredo, he has failed to discharge his burden of proving that all the essential elements of tenancy exist. It bears to stress that this Court has ruled time and again that all the requisites of an agricultural tenancy must be proved by substantial evidence and the absence of one will not make an alleged tenant a de jure tenant.

The MARO declared that because of the insufficiency of evidence, the determination of the existence of tenancy relationship could not be ascertained. Likewise, the Regional Adjudicator declared that Barredo was not the tenant of Javier. It was, therefore, incorrect for the DARAB to reverse such conclusions and findings, more so since its own findings were not supported by evidence on record. It bears to stress that the MARO and the Regional Adjudicator were in a better opportunity to examine the claims of the parties. Specifically, the Regional Adjudicator was located in the locality where the dispute arose and had directly heard the parties and examined the evidence they presented; thus, her assessment should have been respected by the DARAB. Consequently, the CA acted within its jurisdiction when it reversed the decision of the DARAB and reinstated the decision of the Regional Adjudicator.

Withal, while our agrarian reform laws significantly favor tenants, farmworkers and other beneficiaries, this Court cannot allow pernicious practices that result in the oppression of ordinary landowners as to deprive them of their land, especially when these practices are committed by the very beneficiaries of these laws. Social justice was not meant to perpetrate an injustice against the landowner.[29] At any rate, this Court finds it imperative to state that R.A. No. 3844, otherwise known as The Agricultural Land Reform Code, has abolished the agricultural share tenancy.[30]

WHEREFORE, premises considered, the petition is DENIED. The March 26, 2004 Decision of the Court of Appeals, in CA-G.R. SP No. 74345, is AFFIRMED.

SO ORDERED.

Carpio, (Chairperson), Nachura, Abad, and Mendoza, JJ. , concur.

[1] Rollo, pp. 3-18.

[2] Penned by Associate Justice Teresita Dy-Liacco Flores, with Associate Justices Japar B. Dimaampao and Edgardo A. Camello, concurring; id. at 22-31.

[3] CA rollo, p. 80.

[4] Id. (Emphasis and underscoring supplied).

[5] Id. at 78.

[6] Id. at 40-52.

[7] Id. at 51.

[8] Id. at 55- 61.

[9] Id. at 60-61.

[10] Rollo, p. 30.

[11] Id. at 25.

[12] Id. at 27.

[13] Id.

[14] Id. at 28.

[15] Id. at 140.

[16] *Dalwampo v. Quinocol Farmers, Farm Workers and Settlers' Association*, G.R. No. 160614, April 25, 2006, 488 SCRA 208, 221.

[17] *Suarez v. Saul*, G.R. No. 166664, October 20, 2005, 473 SCRA 628, 634.

[18] *Ambayec v. Court of Appeals*, G.R. No. 162780, June 21, 2005, 460 SCRA 537, 543.

[19] Id. (Emphasis and underscoring supplied).

[20] Rollo, p. 26.

[21] CA rollo, p. 50.

[22] G.R. No. 153595, November 23, 2007, 538 SCRA 316.

[23] Id. at 323.

[24] Rollo, p. 28.

[25] *Landicho v. Sia*, G.R. No. 169472, January 20, 2009, 576 SCRA 602, 621.

[26] Rollo, p. 28.

[27] *De Jesus v. Moldex Realty, Inc.*, *supra* note 22, at 321.

[28] *Ambayec v. Court of Appeals*, *supra* note 18, at 545.

[29] *Danan v. Court of Appeals*, 510 Phil. 596, 612 (2005).

[30] Section 4 of the law provides:

Section 4. Abolition of Agricultural Share Tenancy. – Agricultural share tenancy, as herein defined, is hereby declared to be contrary to public policy and shall be abolished: Provided, That existing share tenancy contracts may continue in force and effect in any region or locality, to be governed in the meantime by the pertinent provisions of Republic Act Numbered Eleven Hundred and Ninety-nine, as amended, until the end of the agricultural year when the National Land Reform Council proclaims that all the government machineries and agencies in that region or locality relating to leasehold envisioned in this Code are operating, unless such contracts provide for a shorter period or the tenant sooner exercise his option to elect the leasehold system: x x x.

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