

**BIENVENIDO T. BUADA, ISAIAS B. QUINTO, NEMESIO BAUTISTA,
ORLANDO R. BAUTISTA FREDDIE R. BAUTISTA, CARLITO O. BUADA,
GERARDO O. BUADA, ARMANDO M. OLIVA, ROGELIO F. RAPAJON,
AND E...**

G.R. No. 180374. January 22, 2010

Ponente: DEL CASTILLO, J.

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DEL CASTILLO, J.:

In all contractual, property or other relations, when one of the parties is at a disadvantage on account of his moral dependence, ignorance, indigence, mental weakness, tender age or other handicap, the courts must be vigilant for his protection.[1]

This is a Petition for Review on Certiorari assailing the July 19, 2007 Decision[2] of the Court of Appeals (CA) in CA-G.R. SP No. 95154 which granted respondent's Petition for Review and nullified and set aside the Decisions of the Regional Adjudicator[3] dated March 9, 1999 and of the Department of Agrarian Reform Adjudication Board (DARAB)[4] dated March 11, 2005 dismissing the Complaint for Confirmation of Voluntary Surrender and Damages filed by respondent. Likewise assailed is the CA Resolution[5] dated October 11, 2007 which denied petitioners' Motion for Reconsideration.

Factual Antecedents

Petitioners Bienvenido T. Buada, Isaias B. Quinto, Nemesio Bautista, Orlando T. Bautista, Freddie R. Bautista, Carlito O. Buada, Gerardo O. Buada, Armando M. Oliva, Rogelio F. Rapajon, and Eugenio F. Flores were tenant-farmers cultivating three parcels of agricultural land owned by respondent Cement Center, Inc.[6]

On March 13, 1998, respondent filed a Complaint[7] for Confirmation of Voluntary Surrender and Damages against petitioners with the Department of Agrarian Reform Adjudication Board, Region 1 in Urdaneta City, Pangasinan. It claimed that on June 28, 1995, petitioners entered into a Compromise Agreement with respondent whereby the former, for and in consideration of the sum of P3,000.00 each, voluntarily surrendered their respective landholdings. However, despite respondent's repeated demands, petitioners refused to vacate subject landholdings.

In their Answer,[8] petitioners alleged that their consent to the Compromise

Agreement was obtained through fraud, deceit, and misrepresentation. They claimed that sometime in 1995, respondent induced them to sign a Compromise Agreement by representing that the subject landholdings are no longer viable for agricultural purposes. Petitioners alleged that respondent assured them that they would only apply for the conversion of the land and that they would have to surrender the land only upon the approval of said application and that thereafter, they will be paid a disturbance compensation of P3,000.00 each. Petitioners also claimed that respondent promised to hire them to work on the project that was planned for the converted land. But, should the application for conversion be denied, petitioners will continue to be tenants and could later

become beneficiaries under the Comprehensive Agrarian Reform Law.

Ruling of the Regional Adjudicator

On March 9, 1999, the Regional Adjudicator rendered a decision in favor of the tenant-farmers. The dispositive portion of the Decision reads:

WHEREFORE, premises considered, Respondents being bonafide tenants of the subject landholdings, the instant case is hereby DISMISSED for lack of merit.

SO ORDERED.[9]

The Regional Adjudicator held that the Compromise Agreement was not enforceable because it violated the provisions of Administrative Order No. 12, Series of 1994.[10] Said administrative order requires the payment of disturbance compensation which should not be less than five times the average of the annual gross value of the harvest on their actual landholdings during the last five preceding calendar years. As such, the disturbance compensation being offered by respondent to each of the petitioners, which is P3,000.00 plus the income derived from a single cropping, is grossly inadequate. The Regional Adjudicator likewise noted that respondent did not offer homelots to the petitioners as required under the aforesaid administrative order.

Finally, the Regional Adjudicator held that since respondent's application for conversion was denied, then the purpose for the execution of the Compromise Agreement was rendered nugatory. As a consequence of the denial of the application, the subject landholdings shall be placed under the Comprehensive Agrarian Reform Program (CARP) compulsory coverage, as provided under the Administrative Order No. 12, Series of 1994.

Ruling of the DARAB

Aggrieved, respondent appealed to DARAB which rendered its Decision on March 11, 2005, the dispositive portion of which reads:

WHEREFORE, premises considered, the Appeal is DENIED and the assailed Decision is hereby AFFIRMED.[11]

In affirming the Decision of the Regional Adjudicator, the DARAB found that respondent failed to prove that petitioners voluntarily surrendered their tenancy rights over the subject landholdings. It held that since the application for conversion was denied, then the Compromise Agreement is not a perfected obligation; it is as if the petitioners' voluntary surrender never existed.

Ruling of the Court of Appeals

Alleging that the DARAB gravely erred and committed grave abuse of discretion in dismissing its appeal, respondent thereafter filed a Petition for Review with the CA. The CA found the appeal meritorious and rendered its Decision in the following tenor:

WHEREFORE, in the light of the foregoing, the instant Petition is GRANTED. The assailed decisions of the Department of Agrarian Reform Adjudication Board (DARAB) dated March 11, 2005 and the Regional Adjudicator dated March 9, 1999 are NULLIFIED and SET ASIDE. The petitioner's Complaint for Confirmation of Voluntary Surrender and Damages is likewise GRANTED.

The voluntary surrender of the three (3) parcels of land covered by Transfer Certificate of Title Nos. 127892, 123800, and 83276 by the respondents in favor of the petitioner as embodied in the Compromise Agreement is hereby CONFIRMED.

Accordingly, the respondents are ORDERED to VACATE the subject landholdings upon payment by the

petitioner to them of the amount of Three Thousand Pesos (P3,000.00) each representing their disturbance compensation.[12]

The appellate court found the Compromise Agreement executed by the parties to be valid. It held that its enforceability is not subject to the approval by the DARAB of the respondent's application for conversion. Likewise, the deficiency in consideration is not a ground to annul an otherwise valid and enforceable agreement. The appellate court also found petitioners to be literate on the ground that they were able to affix their signatures to the agreement.

Petitioners' Motion for Reconsideration was denied.

Hence, this petition.

Issues

In this Petition for Review on Certiorari petitioners raise the following issues:

1. THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN MAKING AN INFERENCE [THAT] THE COMPROMISE AGREEMENT IS NOT SUBJECT TO INTERPRETATION.
2. THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN MAKING [AN] INFERENCE (THAT) THE PETITIONERS WHO ARE TENANTS ARE LITERATE THUS, THEY UNDERSTOOD THE IMPORT OF THE CONTRACT THEY SIGNED.
3. THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN MAKING (AN) INFERENCE (THAT) THE DEFICIENCY OF CONSIDERATION (which is not in accordance with ADMINISTRATIVE ORDER NO. 12) DOES NOT NULLIFY THE CONTRACT.

Our Ruling

The petition is impressed with merit.

Well-settled is the rule that this Court is not a trier of facts. When supported by substantial evidence, the findings of fact of the CA are conclusive and binding with, and are not reviewable by us unless the case falls under any of the recognized exceptions. One of the exceptions is when the findings of fact of the CA are contrary to those of the trial court[13] or quasi-judicial agency. In this case, the findings of fact of the CA and the DARAB are conflicting, thus we are compelled to take a look at the factual milieu of this case.

It is the policy of the State to promote the Security of Tenure of Farmers over their leasehold.

Republic Act (RA) No. 3844 (1963), otherwise known as the Agricultural Land Reform Code, declares it to be the policy of the State to make small farmers more independent, self-reliant and responsible citizens, and a source of genuine strength in our democratic society.[14] Towards this end, the same law guarantees the security of tenure of farmers with respect to the land they cultivate, thus:

Section 7. Tenure of Agricultural Leasehold Relation - The agricultural leasehold relation once established shall confer upon the agricultural lessee the right to continue working on the landholding until such leasehold relation is extinguished. x x x

As an exception to this security of tenure, however, Section 8 of RA 3844 specifically enumerates the grounds for the extinguishment of agricultural leasehold relations, viz:

Section 8. Extinguishment of Agricultural Leasehold Relation. -- The agricultural leasehold relation established under this Code shall be extinguished by:

- (1) Abandonment of the landholding without the knowledge of the agricultural lessor;
- (2) Voluntary surrender of the landholding by the agricultural lessee, written notice of which shall be served three months in advance; or
- (3) Absence of the persons under Section nine to succeed to the lessee, in the event of death or permanent incapacity of the lessee. (Emphasis supplied)

Voluntary surrender, as a mode of extinguishment of tenancy relations, does not require any court authorization considering that it involves the tenant's own volition.[15] To protect the tenant's right to security of tenure, voluntary surrender, as contemplated by law, must be convincingly and sufficiently proved by competent evidence. The tenant's intention to surrender the landholding cannot be presumed, much less determined by mere implication. Otherwise, the right of a tenant farmer to security of tenure becomes an illusory one.[16] Moreover, RA 3844 provides that the voluntary surrender of the landholding by an agricultural lessee should be due to circumstances more advantageous to him and his family.[17]

The Compromise Agreement did not constitute the "voluntary surrender" contemplated by law.

Respondent asserts that petitioners voluntarily surrendered their landholdings. Petitioners, however, deny this claim and instead maintain that they did not execute the Compromise Agreement with a view to absolutely sell and surrender their tenancy rights in exchange for P3,000.00 for each of them. They assert that such agreement was subject to suspensive conditions, i.e., the approval of respondent's application for conversion of the land to non-agricultural and their subsequent absorption as laborers in the business that respondent will put up on said land, or, if the application will not be approved, petitioners will continue to be tenants of the land and could later on qualify as beneficiaries of the CARP. Petitioners assert that they were not aware that these conditions were not incorporated in the Compromise Agreement because they were not literate in the English language used. Neither were they represented by counsel nor were the contents of the agreement explained to them. Petitioners thus claim that the Compromise Agreement should be interpreted in accordance with the real intention of the parties pursuant to Articles 1370 and 1371 of the Civil Code.[18] Petitioners likewise claim that as they were illiterate in the English language, they could not have given their valid consent to the Compromise Agreement. Lastly, they aver that the disturbance fee of P3,000.00 for each tenant violates Administrative Order No. 12, Series of 2004 which provides:

In all cases of petitions for conversions resulting in the displacement of farmer-beneficiaries, such beneficiaries shall be entitled to a disturbance compensation, which should not be less than five (5) times the average of the annual gross value of the harvest on their actual landholdings during the last 5 preceding calendar years. In addition, the DAR shall exert all efforts to see to it that free homelots and assured employment for displaced beneficiaries are provided by the applicant/developer.

Respondent, on the other hand, counters that as the Compromise Agreement does not reflect the conditions alleged by petitioners, parol evidence should not be allowed to prove such conditions; that petitioners cannot claim that they are illiterate in the English language and that the contents of the agreement were not explained to them as it is incumbent upon every contracting party to learn and know the contents of an instrument before signing and agreeing to it; and, that it was not necessary for petitioners to be assisted by counsel in signing the agreement as the execution thereof is not akin to a custodial investigation or criminal proceedings wherein the right to be represented by counsel is indispensable. As to the disturbance fee, respondent believes that the sum of P3,000.00 for each tenant is fair and sufficient because apart from said amount, petitioners were allowed to cultivate the lands for a single cropping without any obligation to pay any lease rental in the form of palay or cotton harvest or any other mode of payment.

As earlier stated, vital to these contentions is the resolution of the basic issue of whether or not petitioners as tenants-farmers intended to absolutely and voluntarily surrender their tenancy rights over the subject landholdings.

Closer to, although not identical with, the factual setting of this case is *Talavera v. Court of Appeals*.^[19] In said case, we found that the evidence on record and therein petitioners' arguments were not enough to overcome the rights of the private respondent as provided in the Constitution and the agrarian statutes. The following circumstances were considered: (1) the [K]asunduan executed by the tenant-farmer in favor of the landowners wherein the former purportedly voluntarily relinquished his tenancy rights for the amount of P1,000.00 was prepared by one of the landowners; (2) the tenant-farmer continued to work on the farm from 1973 to 1984 when the landowners ejected him, or for a period of more than 10 years after the execution of the [K]asunduan; and, (3) it was not shown why the tenant-farmer would voluntarily give up his sole source of livelihood even if he needed money to pay off his debts or what he did from 1973 to 1984 if the claim of the Talaveras that they worked on the land themselves during said period was correct. Hence, we held that the [K]asunduan wherein the leasehold tenant allegedly surrendered his tenancy rights voluntarily for the sum of P1,000.00, did not constitute "voluntary surrender" as contemplated by law, and reinstated the tenant in the landholding.

On the other hand, in *Levardo v. Yatco*,^[20] we upheld the waiver of tenancy rights and ruled that:

Based on the evidence on record, respondents paid Aguido P2,000,000.00 and Hernando P2,417,142.00 as disturbance compensation. A reading of the *Pinanumpaang Salaysay* executed by petitioners show that they gave up their leasehold rights "dahil sa aming kagustuhang umiba ng hanap buhay ng higit ang pagkikitaan kaysa panakahan." The money given by respondents as disturbance compensation was indeed advantageous to the families of petitioners, as it would have allowed them to pursue other sources of livelihood.

Petitioners did not refute in their pleadings the authenticity of the documents purporting to be their waiver of tenancy rights. As a matter of fact, they themselves attached the said documents to their complaints and argued that said waivers were obtained through fraud and misrepresentation, since they were unaware that CLTs were issued in their names. However, such argument deserves scant consideration, since it has been established that no such CLTs were issued to petitioners; and more importantly, the lands in dispute do not fall under the coverage of P.D. No. 27. In addition, said waivers of tenancy rights were notarized and therefore the same have the presumption of regularity in their favor. (Emphasis supplied)

A perusal of the subject Compromise Agreement reveals that the parties considered the amount of P3,000.00 together with the income from a single cropping as comprising the disturbance compensation package, viz:

4. The aforeindicated income derived from the properties and the financial assistance of P3,000.00 shall be considered as the disturbance compensation package in favor of the SECOND PARTY by reason or as a result of their vacating the premises in accordance with Administrative Order No. 1, Series of 1990 of the Department of Agrarian Reform.^[21] (Emphasis supplied)

Petitioners, however, assail the disturbance compensation package provided in the Compromise Agreement as insufficient and contrary to Administrative Order No. 12, Series of 2004. They claim that they would not have acceded to such a measly amount were it not for the agreement that respondent will hire them as workers on the planned project on the subject land.

Despite the above contentions of petitioners, respondent failed to present evidence to show that the disturbance compensation package corresponds with the compensation required by the said Administrative Order. Neither was there any showing that said disturbance compensation is not less than five times the average annual gross value of the harvest on petitioners' actual landholdings during the preceding five calendar years.

Moreover, it was not shown why petitioners as tenant-farmers would voluntarily give up their sole source of livelihood. There was likewise no showing that the money was indeed advantageous to petitioners' families as to allow them to pursue other sources of livelihood. To stress, tenancy relations cannot be bargained away except for the strong reasons provided by law which must be convincingly shown by evidence in line with the State's policy of achieving a dignified existence for the small farmers free from pernicious institutional restraints and practices.[22]

In view of the foregoing, we find the evidence on record and respondent's arguments insufficient to overcome the rights of petitioners as provided in the Constitution and agrarian statutes. The alleged voluntary surrender of petitioners of their tenancy rights for the sum of P3,000.00 each could not constitute as "voluntary surrender" within the contemplation of law.

WHEREFORE, the petition is GRANTED. The Decision of the Court of Appeals in CA G.R. SP No. 95154 dated July 19, 2007 and its Resolution dated October 11, 2007 are REVERSED and SET ASIDE. The Decisions of the Regional Adjudicator dated March 9, 1999 and the Department of Agrarian Reform Adjudication Board dated March 11, 2005, dismissing respondent's Complaint for Confirmation of Voluntary Surrender and Damages are REINSTATED and AFFIRMED.

SO ORDERED.

Carpio (Chairperson), Brion, Abad, and Perez, JJ., concur.

[1] Civil Code of the Philippines, Art. 4.

[2] Rollo, pp. 7-17; penned by Associate Justice Amelita G. Tolentino and concurred in by Associate Justices Lucenito N. Tagle and Sixto C. Marella, Jr.

[3] Id. at 82-87.

[4] Id. at 90-94.

[5] Id. at 72-73.

[6] The following are the area, location and Transfer Certificates of Title (TCT) covering said parcels of land:

TCT No. Area Location

127892 75,815 sq. m. Batanguil, Sison, Pangasinan

123800 75,815 sq. m. Batanguil, Sison, Pangasinan

83276 34,738 sq. m. Bahanan, Pozzorubio, Pangasinan

[7] Rollo, pp. 75-78.

[8] Id. at 79-81.

[9] Id. at 87.

[10] Consolidated and Revised Rules and Regulations Governing Conversion of Agricultural Lands to Non-Agricultural Uses.

[11] Rollo, p. 94.

[12] Id. at 16.

[13] *The Consolidated Bank and Trust Corp. v. Court of Appeals*, 316 Phil. 246, 252 (1995) citing *Massive Construction, Inc. v. Intermediate Appellate Court*, G.R. Nos. 70310-11, June 1, 1993, 223 SCRA 1, 7.

[14] REPUBLIC ACT NO. 3844, Section 2, par (6).

[15] *Jacinto v. Court of Appeals*, 176 Phil. 580, 588 (1978).

[16] *Ludo & Luym Development Corporation v. Barretto*, G.R. No. 147266, September 30, 2005, 471 SCRA 390, 405; *Talavera v. Court of Appeals*, G.R. No. 77830, February 27, 1990, 182 SCRA 778, 782.

[17] REPUBLIC ACT NO. 3844 provides:

Section 28. Termination of Leasehold by Agricultural Lessee During Agricultural Year - The agricultural lessee may terminate the leasehold during the agricultural year for any of the following causes:

x x x x

(5) Voluntary surrender due to circumstances more advantageous to him and his family.

[18] Art. 1370. If the terms of a contract are clear and leave no doubt upon the intention of the contracting parties, the literal meaning of its stipulations shall control.

If the words appear to be contrary to the evident intention of the parties, the latter shall prevail over the former.

Art. 1371. In order to judge the intention of the contracting parties, their contemporaneous and subsequent acts shall be principally considered.

[19] G.R. No. 77830, February 27, 1990, 182 SCRA 778.

[20] G.R. No. 165494, March 20, 2009.

[21] *Compromise Agreement* dated 28 June 1995, par. 4; rollo, p. 544.

[22] *Talavera v. Court of Appeals*, supra note 19 at 784, citing Republic Act No. 3844 Section 2 [2].

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