

SPOUSES CAYETANO AND PATRICIA TIONGSON, SPOUSES EDWARD AND PACITA GO, SPOUSES ROBERTO AND MYRNA LAPERAL III, ELISA R. MANOTOK, SPOUSES IGNACIO AND PACITA MANOTOK, SEVERING MANOT...

G.R. No. 62626. July 18, 1984

Ponente: GUTIERREZ, JR., J.

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GUTIERREZ, JR., J.:

In this petition for review on certiorari of the decision of the Court of Appeals declaring the existence of a landholder-tenant relationship and ordering the private respondent's reinstatement, the petitioners contend that the appellate court committed an error of law in:

1. Disregarding the findings of fact of the Court of Agrarian Relations which are supported by substantial evidence; and
2. Substituting the findings of fact of the Court of Agrarian Relations with its own findings.

Briefly, the facts of the case as found by the Court of Agrarian Relations, Seventh Regional District, Branch I at Pasig, Metro Manila are as follows: Sometime in 1946, the late Severino Manotok donated and transferred to his eight (8) children and two (2) grandchildren namely: Purificacion Manotok, Eliza Manotok, Perpetua Manotok, Filomena Manotok, Severino Manotok, Jr. Jesus Manotok, Rahula Ignacio Manotok, Severino Manotok III, Fausto Manotok and Rosa Manotok, a thirty-four-hectare lot located in Payong, Old Balara, Quezon City covered by a certificate of title. Severino Manotok who was appointed judicial guardian of his minor children accepted on their behalf the aforesaid donation. At that time, there were no tenants or other persons occupying the said property.

In that same year, Teodoro Macaya accompanied by Vicente Herrera, the overseer of the property, went to the house of Manotok in Manila and pleaded that he be allowed to live on the Balara property so that he could at the same time guard the property and prevent the entry of squatters and the theft of the fruits and produce of the fruit trees planted by the owner. Manotok allowed Macaya to stay in the property as a guard (bantay) but imposed the conditions that at any time that the owners of the property needed or wanted to take over the property, Macaya and his family should vacate the property immediately; that while he could raise animals and plant on the property, he could do so only for his personal needs; that he alone could plant and raise animals on the property; and that the owners would have no responsibility or liability for said activities of Macaya. Macaya was allowed to use only three (3) hectares. These conditions, however, were not put in writing.

On December 5, 1950, the property-owners organized them-selves into a corporation engaged primarily in the real estate business known as the Manotok Realty, Inc. The owners transferred the 34-hectare lot to the corporation as part of their capital contribution or subscription to the capital stock of the corporation.

From 1946 to 1956, Macaya did not pay, as he was not required to pay anything to the owners or corporation

whether in cash or in kind for his occupancy or use of the property. However, the corporation noted that the realty taxes on the property had increased considerably and found it very burdensome to pay the said taxes while on the other hand, Macaya had contributed nothing nor even helped in the payment of the taxes. Thus, Macaya upon the request of the owners agreed to help by remitting ten (10) cavans of palay every year as his contribution for the payment of the realty taxes beginning 1957.

On June 5, 1964, the corporation requested Macaya to increase his contribution from ten (10) cavans to twenty (20) cavans of palay effective 1963 because the assessed value of the property had increased considerably. Macaya agreed.

In 1967, Macaya informed the corporation that he could not afford anymore to deliver any palay because the palay dried up. He further requested that in the ensuing years, he be allowed to contribute only ten (10) cavans of palay. The corporation said that if that was the case, he might as well not deliver anymore. Thus, from 1967 up to 1976, Macaya did not deliver any palay.

On January 31, 1974, Manotok Realty, Inc. executed a "Uni-lateral Deed of Conveyance" of the property in favor of Patricia Tiongson, Pacita Go, Roberto Laperal III, Elisa Manotok, Rosa Manotok, Perpetua M. Bocanegra, Filomena M. Sison, Severino Manotok, Jr., Jesus Manotok, Ignacio S. Manotok, Severino Manotok III and Fausto Manotok.

Sometime in 1974, Macaya was informed by the Manotoks that they needed the property to construct their houses thereon. Macaya agreed but pleaded that he be allowed to harvest first the planted rice before vacating the property.

However, he did not vacate the property as verbally promised and instead expanded the area he was working on.

In 1976, the Manotoks once more told Macaya to vacate the entire property including those portions tilled by him. At this point, Macaya had increased his area from three (3) hectares to six (6) hectares without the knowledge and consent of the owners. As he was being compelled to vacate the property, Macaya brought the matter to the Department (now Ministry) of Agrarian Reforms. The Manotoks, during the conference before the officials of the Department insisted that Macaya and his family vacate the property. They threatened to bulldoze Macaya's landholding including his house, thus prompting Macaya to file an action for peaceful possession, injunction, and damages with preliminary injunction before the Court of Agrarian Relations.

The sole issue to be resolved in the present petition is whether or not a tenancy relationship exists between the parties. The Court of Agrarian Relations found that Macaya is not and has never been a share or leasehold tenant of Sevenno Manotok nor of his successors-in-interest over the property or any portion or portions thereof but has only been hired as a watchman or guard (bantay) over the same. On Macaya's appeal from the said decision, the respondent appellate court declared the existence of an agricultural tenancy relationship and ordered Macaya's reinstatement to his landholding.

Since what is involved is agricultural tenancy, we refer to Republic Act No. 1199 as amended by Republic Act No. 2263. Section 3 thereof defines agricultural tenancy as:

xxx xxx xxx

"x x x 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."

Thus, the essential requisites of tenancy relationship are: 1) the parties are the landholder and the tenant; 2) the subject is agricultural land; 3) there is consent; 4) the purpose is agricultural production; and 5) there is consideration (Agustin, Code of Agrarian Reforms of the Philippines, 1981, p. 19). As correctly held by the trial court:

xxx xxx xxx

"All these requisites are necessary in order to create tenancy relationship between the parties and the absence of one or more requisites do not make the alleged tenant a de facto tenant as contra-distinguished from 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, x x x"

The key factor in ascertaining whether or not there is a land-owner-tenant relationship in this case is the nature of the disputed property.

Is the thirty-four (34) hectare lot, of which the six (6) hectares occupied by the private respondent form a part, agricultural land? If not, the rules on agrarian reform do not apply.

From the year 1948 up to the present, the tax declarations of real property and the annual receipts for real estate taxes paid have always classified the land as "residential". The property is in Balara, Quezon City, Metro Manila, not far from the University of the Philippines and near some fast growing residential subdivisions. The Manotok family is engaged in the business of developing subdivisions in Metro Manila, not in farming.

The trial court observed that a panoramic view of the property shows that the entire 34 hectares is rolling forestall land without any flat portions except the small area which could be planted to palay. The photographs of the disputed area show that flush to the plantings of the private respondent are adobe walls separating expensive looking houses and residential lots from the palay and newly plowed soil. Alongside the plowed or harrowed soil are concrete culverts for the drainage of residential subdivisions. The much bigger portions of the property are not suitable for palay or even vegetable crops.

The trial court noted that in a letter dated April 12, 1977, the City Engineer of Quezon City certified on the basis of records in his office that the property in, question falls within the category of "Residential Zone."

The respondent court ignored all the above considerations and noted instead that the appellees never presented the tax declarations for the previous year, particularly for 1946, the year when Macaya began cultivating the property. It held that while the petitioners at that time might have envisioned a panoramic residential area of the disputed property, then cogonal with some forest, that vision could not materialize due to the snail pace of urban development to the peripheral areas of Quezon City where the disputed property is also located and pending the consequent rise of land values. As a matter of fact, it found that the houses found thereon were constructed only in the 70's.

Whatever "Visions" the owners may have had in 1946, the fact remains that the land has always been officially classified as "residential" since 1948. The areas surrounding the disputed six hectares are now dotted with residences and, apparently, only this case has kept the property in question from being developed together with the rest of the lot to which it belongs. The fact that a caretaker plants rice or on a residential lot in the middle of a residential subdivision in the heart of a metropolitan area cannot by any strained interpretation of law convert it into agricultural land and subject it to the agrarian reform program.

On this score alone, the decision of the respondent court deserves to be reversed.

Another requisite is that the parties must be landholder and tenant. Rep. Act No. 1199 as amended defines a landholder-

"Sec. 5 (b) A landholder shall mean a person, natural or juridical, who either as owner, lessee, usufructuary, or legal possessor, lets or grants to another the use or cultivation of his land for a consideration either in shares under the share tenancy system, or a price certain under the leasehold tenancy system."

On the other hand, a tenant is defined as -

"Sec. 5 (a) A tenant shall mean a person who, himself and with the aid available from within his immediate farm household, cultivates the land belonging to, or possessed by, another with the latter's consent for purposes of production, sharing the produce with the landholder under the share tenancy system or paying to the landholder a price certain in produce or in money or both, under the leasehold tenancy system."

Under these definitions, may Macaya be considered as a ten-ant and Manotok as a landholder? Significant, as the trial court noted, is that the parties have not agreed as to their contributions of the several items of productions such as expenses for trans-planting, fertilizers, weeding and application of insecticides, etc. In the absence of an agreement as to the respective contributions of the parties or other terms and conditions of their tenancy agreement, the lower court concluded that no tenancy relation-ship was entered into between them as tenant and landholder.

On this matter, the respondent Appellate Court disagreed. It held that:

"x x x Whether the appellant was instituted as tenant therein or as bantay, as the appellees preferred to call him, the inevitable fact is that appellant cleared, cultivated and developed the once unproductive and idle property for agricultural production. Appellant and Don Severino have agreed and followed a system of sharing the produce of the land whereby, the former takes, care of all expenses for cultivation and production, and the latter is only entitled to 10 cavans of rice per harvest. This is the essence of leasehold tenancy."

It should be noted, however, that from 1967 to the present, Macaya did not deliver any cavans of palay to the petitioners as the latter felt that if Macaya could no longer deliver the twenty (20) cavans of palay, he might as well not deliver any. The decision of the petitioners not to ask for anymore contributions from Macaya reveals that there was no tenancy relationship ever agreed upon by the parties. Neither can such relationship be implied from the facts as there was no agreed system of sharing the produce of the property. Moreover, from 1946 to 1956 at which time, Macaya was also planting rice, there was no pay-ment whatsoever. At the most and during the limited period when it was in force, the arrangement was a civil lease where the lessee for a fixed price leases the property while the lessor has no responsibility whatsoever for the problems of production and enters into no agreement as to the sharing of the costs of fertiliz-ers, irrigation, seedlings, and other items. The private respond-ent, however, has long stopped in paying the annual rents and violated the agreement when he expanded the area he was allowed to use. Moreover, the duration of the temporary arrange-ment had expired by its very terms.

Going over the third requisite which is consent, the trial court observed that the property in question previous to 1946 had never been tenanted. During that year, Vicente Herrera was the overseer. Under these circumstances, coupled by the fact that the land is forested and rolling, the lower court could not see its way clear to sustain Macaya's contention that Manotok had given his consent to enter into a verbal tenancy contract with him. The lower court further considered the fact that the amount often (10) cavans of palay given by Macaya to the owners from 1957 to 1964 which was later increased to twenty (20) cavans of palay from 1964 to 1966 was grossly disproportionate to the amount of taxes paid by the owners. The lot was taxed as residential land in a metropolitan area. There was clearly no intention on the part of the owners to devote the property for agricultural production

but only for residential purposes. Thus, together with the third requisite, the fourth requisite which is the purpose was also not present.

The last requisite is consideration. This is the produce to be divided between the landholder and tenant in proportion to their respective contributions. We agree with the trial court that this was also absent.

As earlier stated, the main thrust of petitioners' argument is that the law makes it mandatory upon the respondent Court of Appeals to affirm the decision of the Court of Agrarian Relations if the findings of fact in said decision are supported by substantial evidence, and the conclusions stated therein are not clearly against the law and jurisprudence. On the other hand, private respondent contends that the findings of the Court of Agrarian Relations are based not on substantial evidence alone but also on a misconstrued or misinterpreted evidence, which as a result thereof, make the conclusions of the Court of Agrarian Relations clearly contrary to law and jurisprudence.

After painstakingly going over the records of the case, we find no valid and cogent reason which justifies the appellate court's deviation from the findings and conclusions of the lower court. It is quite clear from the 44-page decision of the trial court, that the latter has taken extra care and effort in weighing the evidence of both parties of the case. We find the conclusions of the respondent appellate court to be speculative and conjectural.

It bears reemphasizing that from 1946 to 1956, there was no agreement as to any system of sharing the produce of the land. The petitioners did not get anything from the harvest and private respondent Macaya was using and cultivating the land free from any charge or expense. The situation was rather strange had there been a tenancy agreement between Don Severino and Macaya.

From 1957 to 1964, Macaya was requested to contribute (10) cavans a year for the payment of the reality taxes. The receipts of these contributions are evidenced by the following exhibits quoted below:

"a) Exhibit '4' adopted and marked as Exhibit 'K' for plaintiff (Macaya):

Ukol sa taon 1961 "Tinanggap namin kay G. Teodoro Macaya ang sampling (10) cavan na palay bilang tulong niya sa pagbabayad ng amillaramiento sa lupa ng corporation, na nasa Payong, Q.C. na kaniyang binabantayan.

"b) Exhibit '9' adopted and marked as Exhibit 'L' for plaintiff (Macaya):

"Tinanggap namin kay Ginoong Teodoro Macaya ang TATLONG (3) kabang palay bilang kapupunan sa DALAWAMPUNG (20) kabang palay na kanyang tulong sa pagbabayad ng amillaramiento para sa taong 1963 ng iupang ari ng Manotok Realty, Inc. na nasa Payong, Quezon City, na kanyang binabantayan samantalang hindi pa ginagawang SUB-DIVISION PANG TIRAHAN.

"c) Exhibit '10' adopted and marked as Exhibit 'N' for plaintiff (Macaya):

"Tinanggap namin kay Ginoong Teodoro Macaya and DALAWAMPUNG (20) kabang palay na kanyang tulong sa pagbabayad ng amillaramiento para sa taong 1964 ng Iupang ari ng Manotok Realty, Inc., na nasa Payong, Quezon City, na kanyang binabantayan samantalang hindi pa ginagawang SUB-DIVISION PANG TAHANAN.

"d) Exhibit '11' adopted and marked as Exhibit 'M' for plaintiff (Macaya):

"Tinanggap namin kay Ginoong Teodoro Macaya ang DALAWAMPUNG (20) kabang palay na kanyang tulong sa pagbabayad ng amillaramiento para sa taong 1965 ng Iupang ari ng Manotok Realty, Inc., na nasa Payong, Quezon City, na kanyang binabantayan samantalang hindi pa ginagawang SUB-DIVISION PANG TAHANAN."

From the above-quoted exhibits, it clearly appears that the payment of the cavans of palay was Macaya's contribution for the payment of the real estate taxes; that the nature of the work of Macaya is that of a watchman

or guard (bantay); and, that the services of Macaya as such watchman or guard (bantay) shall continue until the property shall be converted into a subdivision for residential purposes.

The respondent appellate court disregarded the receipts as self-serving. While it is true that the receipts were prepared by petitioner Perpetua M. Bocanegra, Macaya nevertheless signed them voluntarily. Besides, the receipts were written in the ver-nacular and do not require knowledge of the law to fully grasp their implications.

Furthermore, the conclusion of the respondent appellate court to the effect that the receipts having been prepared by one of the petitioners who happens to be a lawyer must have been so worded so as to conceal the real import of the transaction is highly speculative. There was nothing to conceal in the first place since the primary objective of the petitioners in allowing Macaya to live on the property was for security purposes. The presence of Macaya would serve to protect the property from squatters. In return, the request of Macaya to raise food on the property and cultivate a three-hectare portion while it was not being developed for housing purposes was granted.

We can understand the sympathy and compassion which courts of justice must feel for people in the same plight as Mr. Macaya and his family. However, the petitioners have been overly gen-erous and understanding of Macaya's problems. For ten years from 1946 to 1956, he lived on the property, raising animals and planting crops for personal use, with only his services as "bantay" compensating for the use of another's property. From 1967 to the present, he did not contribute to the real estate taxes even as he dealt with the land as if it were his own. He abused the generosity of the petitioners when he expanded the permitted area for cul-tivation from three hectares to six or eight hectares. Mr. Macaya has refused to vacate extremely valuable residential land contrary to the clear agreement when he was allowed to enter it. The facts of the case show that even Mr. Macaya did not consider himself as a true and lawful tenant and did not hold himself out as one until he was asked to vacate the property.

WHEREFORE, the petition is GRANTED. The decision of the respondent Court of Appeals is hereby REVERSED and SET ASIDE and the decision of the Court of Agrarian Relations is AFFIRMED.

SO ORDERED.

Teehankee (Chairman), Plana, Relova, and de la Fuente. JJ., concur.
Melencio-Herrera, J., on official leave.

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