Supreme Court E-Library

THIRD DIVISION

[G.R. No. 179024. May 30, 2011]

ESTATE OF PASTOR M. SAMSON, represented by his heir ROLANDO B. SAMSON, *petitioner, vs.* **MERCEDES R. SUSANO and NORBERTO R. SUSANO,** *respondents.*

[G.R. No. 179086. May 30, 2011]

JULIAN C. CHAN, *petitioner, vs.* **MERCEDES R. SUSANO and NORBERTO R. SUSANO,** *respondents.*

SYLLABUS

1. **LABOR AND SOCIAL LEGISLATION; P.D. NO. 27; OPERATION LAND TRANSFER (OLT) PROGRAM; NOT APPLICABLE WHERE SUBJECT LAND IS LESS THAN SEVEN (7) HECTARES AND IT WAS NOT SHOWN THAT LANDOWNER OWNS OTHER LANDS. —** Applying our pronouncement in *Levardo v. Yatco*, we rule that the subject land cannot be subject to the Operation Land Transfer (OLT) program of P.D. No. 27 for two reasons: first, the subject land is less than seven hectares; and second, respondents failed to show that Pastor owned other agricultural lands in excess of seven hectares or urban land from which he derived adequate income, as required by Letter of Instruction (LOI) No. 474. Moreover, the DAR Memorandum on the "Interim Guidelines on Retention by Small Landowners" dated July 10, 1975 is explicit: 5. Tenanted rice and/or corn lands seven (7) hectares or less **shall not be covered** by Operation Land Transfer. The relation of the land owner and tenant-farmers in these areas shall be **leasehold** x x x

2. **ID.; ID.; OPERATION LAND LEASEHOLD (OLL) PROGRAM; APPLICABLE TO AGRICULTURAL LAND OF LESS THAN 7 HECTARES, DEVOTED TO RICE AND CORN. —** [W]hile the disputed landholding which had an original aggregate area of only 1.0138 hectares is not covered by the OLT program, the same may still be covered by P.D. No. 27, albeit under its Operation Land Leasehold (OLL)

Supreme Court E-Library

program. The OLL program placed landowners and tenants of agricultural land devoted to rice and corn into a leasehold relationship as of October 21, 1972.

3. ID.; ID.; TENANCY RELATIONSHIP; METRO MANILA ZONING ORDINANCE NO. 81-01 DID NOT CEASE RIGHTS PREVIOUSLY ACQUIRED OVER LANDS LOCATED WITHIN THE RECLASSIFIED ZONE WHICH ARE NEITHER RESIDENTIAL NOR LIGHT INDUSTRIAL IN NATURE. — Chan maintains that the tenancy relationship between Pastor and Macario, if there was any, ceased following the reclassification of the subject land as belonging to the low intensity residential zone (I-1) as of March 18, 1981. His contention, however, lacks merit in light of our ruling in *Co v. Intermediate Appellate Court*, wherein we said that Metro Manila Zoning Ordinance No. 81-01 did not have the effect of discontinuing rights previously acquired over lands located within the reclassified zone which are neither residential nor light industrial in nature. The zoning ordinance is given prospective operation only.

4. ID.; AGRICULTURAL TENANCY ACT OF THE PHILIPPINES (RA NO. 1199); TENANT, DEFINED. — R.A. No. 1199, otherwise known as the Agricultural Tenancy Act of the Philippines, defines a tenant as 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 the landholder a price certain or ascertainable in produce or in money or both, under a leasehold tenancy system.

5. ID.; ID.; TENANCY RELATIONSHIP; ELEMENTS. — For a tenancy relationship to exist between the parties, the following essential elements must be shown: (1) the parties are the landowner and the tenant; (2) the subject matter is agricultural land; (3) there is consent between the parties; (4) the purpose is agricultural production; (5) there is personal cultivation by the tenant; and (6) there is sharing of the harvests between the parties. The presence of all of these elements must be proved by substantial evidence.

6. ID.; ID.; ID.; THAT ONE IS A *DE JURE* TENANT REQUIRES INDEPENDENT AND CONCRETE EVIDENCE TO PROVE

Supreme Court E-Library

PERSONAL CULTIVATION, SHARING OF HARVEST OR CONSENT OF THE LANDOWNER. — It has been repeatedly held that occupancy and cultivation of an agricultural land will not ipso facto make one a de jure tenant. Independent and concrete evidence is necessary to prove personal cultivation, sharing of harvest, or consent of the landowner. Substantial evidence necessary to establish the fact of sharing cannot be satisfied by a mere scintilla of evidence; there must be concrete evidence on record adequate to prove the element of sharing. To prove sharing of harvests, a receipt or any other credible evidence must be presented, because self-serving statements are inadequate. Tenancy relationship cannot be presumed; the elements for its existence are explicit in law and cannot be done away with by conjectures. Leasehold relationship is not brought about by the mere congruence of facts but, being a legal relationship, the mutual will of the parties to that relationship should be primordial. For implied tenancy to arise it is necessary that all the essential requisites of tenancy must be present.

APPEARANCES OF COUNSEL

Moises Samson Samson & Associates for Estate of Pastor M. Samson.

Gancayco Balasbas & Associates Law Offices for Julian Chan.

Lapena Manzano Villanueva & Associates Law Firm for respondents.

D E C I S I O N

VILLARAMA, JR., *J.*:

Before us are two consolidated petitions for review on *certiorari* seeking to reverse the August 31, 2006 Decision[1] and the July 27, 2007 Resolution[2] of the Court of Appeals (CA) in CA-G.R. SP Nos. 89052 and 89443. The CA dismissed the

---

[1] *Rollo* (G.R. No. 179086), pp. 37-53. Penned by Associate Justice Rodrigo V. Cosico, with Associate Justices Edgardo F. Sundiam and Celia C. Librea-Leagogo, concurring.

[2] *Id.* at 55-57.

Supreme Court E-Library

separate appeals filed by herein petitioners Estate of Pastor M. Samson, represented by Rolando B. Samson, and Julian C. Chan from the November 7, 2003 Decision[3] and December 29, 2004 Resolution[4] of the Department of Agrarian Reform Adjudication Board (DARAB), Central Office.

The Facts

Pastor M. Samson (Pastor) owned a 1.0138-hectare parcel of land known as Lot 1108 of the Tala Estate Subdivision located in Bagumbong, Caloocan City and covered by Transfer Certificate of Title (TCT) No. 65174. In 1959, Pastor was approached by his friend Macario Susano (Macario) who asked for permission to occupy a portion of Lot 1108 to build a house for his family. Since Pastor was godfather to one of Macario's children, Pastor acceded to Macario's request. Macario and his family occupied 620 square meters of Lot 1108 and devoted the rest of the land to *palay* cultivation. Herein respondents, Macario's wife Mercedes R. Susano and their son Norberto R. Susano, insist that while no agricultural leasehold contract was executed by Pastor and Macario, Macario religiously paid 15 cavans of *palay* per agricultural year to Pastor, which rent was reduced by Pastor in 1986 to 8 cavans of *palay* per agricultural year.[5]

In 1973, Pastor subdivided Lot 1108 into three portions, to wit: Lot 1108-A having an area of 3,172 square meters and covered by TCT No. 52637; Lot 1108-B having an area of 270 square meters and covered by TCT No. 52635; and Lot 1108-C having an area of 6,696 square meters and covered by TCT No. 52638. The first and last parcels, namely Lots 1108-A and 1108-C, remained registered in Pastor's name while Lot 1108-B was sold to Jimena Novera in 1973 without Macario's knowledge.[6]

In 1979, Pastor sold 2,552 square meters of Lot 1108-A to spouses Felix Pacheco and Juanita Clamor, allegedly also without

---

[3] Annex "H", *rollo* (G.R. No. 179024), pp. 107-122.

[4] Annex "I", *id.* at 123-124.

[5] Records, p. 185.

[6] *Id.* at 237-241.

Supreme Court E-Library

Macario's knowledge and consent. As a result of the sale, Lot 1108-A was further subdivided into three portions: (1) Lot 1108-A-1 measuring 620 square meters and covered by TCT No. 137744 in Pastor's name; (2) Lot 1108-A-2 measuring 2,361 square meters and covered by TCT No. 137745; and (3) Lot 1108-A-3 measuring 191 square meters and covered by TCT No. 137746. The last two parcels are registered in the name of spouses Felix Pacheco and Juanita Clamor.[7]

Lots 1108-A-1 and 1108-C comprising a total area of 7,316 square meters remained occupied and cultivated by Macario and his family.

On February 28, 1989, Pastor sold Lot 1108-C to petitioner Julian Chan.[8] Consequently, TCT No. 52638 was cancelled and TCT No. 176758 was issued in Chan's name.

According to respondents, no written notice was sent by Pastor to Macario prior to the sale to Chan of Lot 1108-C comprising an area of 6,696 square meters. They aver that Macario came to know of the transaction only after Chan visited the property sometime in October 1990 accompanied by an employee from the city government.[9]

Chan, on the other hand, claims that prior to buying Lot 1108-C from Pastor, he ascertained the location and condition of the property. He maintains that he knew the property to be a residential lot as indicated in Tax Declaration No. B-026-09768 issued over the said property by the Caloocan City Assessor's Office.[10]

On November 1990, Macario received a letter from Pastor's lawyer demanding that he vacate the property within twenty (20) days.[11] Aggrieved, Macario filed a complaint against Pastor

---

[7] *Id.* at 242-244.

[8] *Id.* at 245-246.

[9] *Id.* at 217.

[10] *Id.* at 136.

[11] *Id.* at 206.

Supreme Court E-Library

before the Municipal Agrarian Reform Office (MARO) of Valenzuela.[12]

Meanwhile, it appears that Chan and Macario tried to settle amicably the dispute as between them. On September 26, 1991, Macario and his wife Mercedes executed a notarized document entitled, "*Kusang-Loob na Pagtatalaga*" (Deed of Undertaking)[13] wherein Macario, recognizing that Chan is a buyer in good faith, acknowledged the latter's ownership over the said landholding. The said document provides, *viz*:

KUSANG-LOOB NA PAGTATALAGA (DEED OF UNDERTAKING)

ALAMIN NG LAHAT:

Kami na sina MACARIO SUSANO at MERCEDES SUSANO, mag-asawa, Pilipino at naninirahan sa Bagumbong, Kalookan City, ay nagsaysay ng mga sumusunod:

1. Na kami ang naghain ng reclamo sa Agrarian Reform Office sa Valenzuela, Metro Manila laban kay Ginoong Pastor Samson ng Kaloocan City;

2. Na ang aming reclamo laban kay Ginoong Pastor Samson ay ng ipagbile niya ang isang lote na may laking 6696 metro cudrados (sic), humigit kumulang, na kami ang nagsasaka na hindi kami pinagsabihan labag sa batas ng Land Reform;

3. Na ang nasabing lote ay ipinagbile kay Ginoong Jul[ia]n Chan na sa aming pagkakaalam [ay] binile ang nasabing lote in good faith at hindi alam na kami ang nagsasaka;

4. Amin din [napag-alaman] na si Ginoong Jul[ia]n Chan [ay] binile ang nasabing lote sa kadahilanan na ang ipinakitang Tax Declaration ni Ginoong Pastor Samson ay hindi taniman ng palay kundi isang lugar na tirikan ng mga bahay lamang (residential area) at hindi labag sa Batas ng Land Reform;

5. Sa kadahilanan na si Ginoong Julian Chan ay binile ang nasabing lote na walang alang-alang (in good faith) at umasa sa

---

[12] Entitled *Macario Susano v. Pastor Samson, et al.* and docketed as Case No. 91-005.

[13] *Rollo* (G.R. No. 179086), pp. 67-68. Emphasis supplied.

Supreme Court E-Library

Tax Declaration na ipinakita sa kanya, ***kami at sampo ng aking (sic) mga anak [ay] kinikilala ang kanyang pagmamay[-]ari at aming iginagalang ang kanyang karapatan bilang may[-]ari at kami ay [nangangako] na hindi namin siya o ang kanyang familia gagambalain, tatakutin o bibigyan ng ano mang kaguluhan sa nasabing lote****;*

6. Aming din [ipinangangako] na si Ginoong Julian Chan at ang kanyang familia ay may laya na dalawin sa anumang oras ng gabi or (sic) araw ang nasabing lote at ibig naming paabutin sa Agrarian Reform Office sa Valenzuela na huwag isangkot si Ginoong Julian Chan sa aming gusot ni Ginoong Pastor Samson.

Sa katunayan ng lahat, kami lumagda ngayon ika-26 ng Septiembre, 1991 dito sa Manila.

(signed) (thumbmarked)
MACARIO SUSANO MERCEDES SUSANO

Assisted by: (signed)
Atty. Valeriano T. Tolentino

Sa harap nila:
(signed) (signed)
FABIAN SUSANO REYNALDO M. JOSON

x x x x x x x x x

Two other similar documents dated September 26, 1991 were executed by Macario and Mercedes in favor of Chan.[14] In one of these documents, Macario and Mercedes acknowledged the receipt of ₱10,000.00 from Chan,[15] as follows:

ALAMIN NG SINO MANG MAKABASA NITO:

Kaming mag-asawang Macario at Mercedes Susano ay nagpapasalamat sa malaking tulong na ibinigay sa aming familia ni Ginoong Julian Chan na sa aming kagipitan ay binigyan kami ng halagang ₱10,000.00 peso (sic) *bagaman wa[l]ang pag-kakautang o obligacion sa amin.*

Sa aming malaking pagpapasalamat at kagalakan ay masasabi naming ***wala siyang ligalig o pa[n]gamba na aming hahadla[n]gan***

[14] Annexes "H" and "I", *id.* at 69-70.

[15] *Id.* at 70. Emphasis supplied.

Supreme Court E-Library

ang kanyang pagkakabile ng isang parcelang lupa kay Ginoong Pastor Samson na aming iginagalang at kinikilala bagaman yoong (sic) nasabing lupa ay aming tinatrabaho nang pag-aari pa ni Ginoong Pastor Samson.

Sa katunayan ng lahat na nasasaad sa itaas, kaming mag-asawa ay lumagda ngayon[g] ika-26 ng Septiembre, 1991 dito sa Kalookan City.

(signed)	(thumbmarked)
MACARIO SUSANO	MERCEDES SUSANO
SA HARAP NILA:	
(illegible)	(illegible)

On April 9, 1992, Chan and Macario, assisted by their respective counsels, executed a Joint Motion and Manifestation[16] wherein Macario promised to surrender possession of the property to Chan on or before November 30, 1992.

On February 9, 1993, Macario died and was succeeded by respondents in the possession and cultivation of the subject landholding.

Thereafter, on August 17, 1993 respondents filed an action for maintenance of peaceful possession[17] with prayer for the issuance of a restraining order/preliminary injunction and for the redemption of the subject landholding against Pastor and Chan before the Department of Agrarian Reform Adjudication Board (DARAB) of Region IV. Specifically, the complaint prayed for the inclusion of the 7,316-square meter portion of said landholding, or Lots 1108-A-1 and 1108-C, within the Coverage of the Operation Land Transfer (OLT) Program under Presidential Decree (P.D.) No. 27[18] or The Tenant Emancipation Decree.

---

[16] Annex "J", *id.* at 71-72.

[17] Docketed as DARAB Case No. IV-MM-0063-93. Records, pp. 1-8.

[18] Entitled "DECREEING THE EMANCIPATION OF TENANTS FROM THE BONDAGE OF THE SOIL, TRANSFERRING TO THEM THE OWNERSHIP OF THE LAND THEY TILL AND PROVIDING THE INSTRUMENTS AND MECHANISM THEREFOR," effective October 21, 1972.

Supreme Court E-Library

They also asked that an emancipation patent be issued in their favor. They tendered ₱12,052.80 in cash representing the reasonable redemption price over the subject landholding based on the highest land valuation prescribed by the DAR on unirrigated rice land.[19] Said amount was accepted by the DAR Regional Cashier per Order[20] of DARAB Regional Adjudicator Fe Arche-Manalang.

In his Answer,[21] Chan maintained that he is a buyer in good faith and that he relied on the tax declaration which stated that the subject property is residential in character. He also averred that agreements were made between him and Macario recognizing his ownership over the said land in exchange for ₱25,000 paid by him to Macario, ₱10,000 of which was duly acknowledged by Macario in writing.[22] Chan insisted that Macario also promised to surrender possession of the property to him on or before November 30, 1992.

Pastor, on the other hand, filed a Motion to Dismiss citing the pendency of the complaint filed against him before the MARO of Valenzuela and alleging that the property is not agricultural land but a residential lot as indicated in Tax Declaration No. 10081, dated August 29, 1986, issued by the Caloocan City Assessor's Office. Pastor also argued that the land involved, Lot 1108-A-1 covered by TCT No. 137744, is only 620 square meters, too small to be considered a viable family-size farm or economic family-size farm under Republic Act (R.A.) No. 6657 or the Comprehensive Agrarian Reform Law (CARL) and P.D. No. 27.[23]

Respondents filed the Opposition[24] to Pastor's motion to dismiss, which Pastor countered through a Reply.[25] On May

---

[19] Records, pp. 32-33.

[20] *Id.* at 36.

[21] *Id.* at 37-39.

[22] *Id.* at 144.

[23] *Id.* at 57-59.

[24] *Id.* at 65-68.

[25] *Id.* at 79-82.

Supreme Court E-Library

10, 1994, the Regional Agrarian Reform Adjudicator (RARAD) issued an Order[26] denying Pastor's motion and directing the parties to submit their respective position papers. Pastor filed a Motion for Reconsideration,[27] reiterating his arguments in his motion to dismiss, and claiming that respondents are not entitled to the benefits of the agrarian reform program because they are not landless peasants. Said motion was, however, denied.[28] Thus, Pastor filed his Answer.[29]

In his Answer, Pastor maintained that no tenancy relationship was established between him and herein respondents because Macario's occupancy, as well as that of respondents, was only by mere tolerance. He also alleged that respondents' cause of action, if there be any, is already barred by prescription, estoppel and/or laches.[30]

Pastor likewise filed his Position Paper[31] as directed. He insisted that the land is not covered by R.A. No. 6657 or by P.D. No. 27 as the land is not agricultural land and no tenancy relationship existed between him and herein respondents, who occupied his land by mere tolerance. He also reiterated that even assuming that the land is agricultural land, respondents are not entitled to the benefits of said land reform laws as they are not landless tenants to begin with and the subject land is too small to be a viable family-size farm.

Chan for his part argued in his Position Paper[32] that the subject parcel of land cannot be considered as agricultural land due to the enactment in 1981 of Metro Manila Zoning Ordinance No. 81-01 classifying the lands within the Metropolitan Manila area

---

[26] *Id.* at 86.

[27] *Id.* at 89-91.

[28] *Id.* at 107-111.

[29] *Id.* at 117-121.

[30] *Id.* at 118.

[31] *Id.* at 147-158.

[32] *Id.* at 126-135.

Supreme Court E-Library

as residential and/or commercial. Chan pointed that the said zoning ordinance preceded R.A. No. 6657, which became effective only on June 15, 1988.[33]

Meanwhile, herein respondents maintained in their Position Paper[34] that their predecessor-in-interest, Macario, was a bona fide agricultural tenant; hence, they are entitled to the rights of pre-emption and redemption. And having validly exercised their right of redemption through the deposit of the redemption price with the DAR, they are allegedly now the owners of the subject land. That they have such right of redemption is likewise due to the fact that the subject land is covered by the OLT Program, respondents added.

Up to now, the disputed portion of the subject landholding is still utilized as a rice field by the respondents.[35]

The RARAD's Ruling

On December 26, 1994, the RARAD issued a Decision[36] declaring that the late Macario validly acquired the status of a bona fide and de jure tenant over the subject land due to Pastor's implied acquiescence in allowing Macario to discharge the duties of a tenant for a considerable length of time until the latter's death in 1993. This notwithstanding, respondents' complaint was dismissed. The RARAD ruled:

> x x x Under the given factual milieu, there can be no question that the Plaintiffs' predecessor-in-interest[,] the late Macario Susano[,] validly acquired the status of a bona fide and de jure tenant over the subject landholding by reason of Defendant Pastor Samson's implied acquiescence over the years from the time he discharged the duties of such tenant until his demise in 1993. Estoppel by acquiescence has definitely set in and Petitioner can no longer impugn

---

[33] *Id.* at 132-133.

[34] *Id.* at 161-204.

[35] Annexes "A", "A-1", "A-2", and "A-3", *rollo* (G.R. No. 179086), pp. 115-116.

[36] Records, pp. 251-270.

Supreme Court E-Library

at this late stage the validity of the said decedent's acquired tenancy status which is entitled to full judicial protection under the well-recognized principle of security of tenure guaranteed under existing agrarian laws which were established in the light of the social justice precept of the Constitution and in the exercise of the police power of the State to promote the common weal. The expiration of the period of the contract as fixed by the parties, or the sale, alienation or transfer of legal possession of the land does not[,] of itself[,] extinguish the relationship. In the latter case, the purchaser or transferee is simply subrogated to the rights and substituted to the obligations of the agricultural lessor. x x x

x x x x x x x x x

However, herein lies the quandary.

As early as 1981 with the passage of Metro Manila Zoning Ordinance [No.] 81-01, the land in question has ceased to be agricultural. Judicial notice is taken of the fact that Caloocan City where the subject landholding is located is part of Metro Manila whose updated Comprehensive Development Plan and Accompanying Zoning Ordinance 81-01 was found to be in conformity with the requirements of Presidential Decree No. 922, Letter of Instructions (sic) No. 729 and Execut[i]ve Order No. 648 as specifically set out in the Memorandum of Agreement (MOA) executed on January 11, 1981 between the Metro Manila Commission (now Metro Manila Authority) and the HSRC (Human Settlements Regulatory Commission[,] now HLURB or the Housing and Land Use Regulatory Board). In a clarifying Memorandum dated February 14, 1990, Secretary of Justice Franklin M. Drilon opined that prior to June 15, 1988 which is the date of effectivity of RA 6657 or the Comprehensive Agrarian Reform Law of 1988, the powers of the HLURB and the Department of Finance to recategorize lands for land use and taxation purposes, respectively, were exclusive. **The point in this entire discourse is that at the time of Macario Susano's death in 1993, there was no longer any tenurial relationship to speak of[,] which could devolve upon the [p]laintiffs by right of succession[,] by virtue of the land's automatic recategorization as non-agricultural [land] in 1981.** This does not mean[,] however, that any existing legal rights created prior to the said reclassification may just be automatically shunted aside. On the contrary[,] while [p]laintiffs can no longer insist on physically holding on to the land in question[,] they may still rightfully claim payment of **disturbance**

Supreme Court E-Library

compensation for and in behalf of the late Macario Susano, their predecessor-in-interest in an amount equivalent to five times the average of the gross harvest on (sic) their landholding during the last five preceding calendar years x x x.

x x x x x x x x x

WHEREFORE, premises considered, judgment is hereby rendered:

1. Declaring the subject property more particularly described in paragraph 2 of the Complaint as no longer agricultural by virtue of its reclassification/conversion based on the duly approved Metro Manila Zoning Ordinance 81-01;

2. Dismissing the Complaint against the [d]efendant Julian Chan for lack of cause of action;

3. Directing the defendant Pastor Samson to pay to the [p]laintiffs 300 cavans or its money equivalent of ₱90,000.00 as and by way of disturbance compensation due to the late tenant Macario Susano;

4. Pending the payment of such disturbance compensation, maintaining the [p]laintiffs in their peaceful possession of the remaining area consisting of 7,316 square meters presently utilized as combination farmlot/homelot (sic);

5. Upon receipt of the said disturbance compensation, directing the [p]laintiffs to:

a) surrender peaceful possession of the 6,696 square meter portion of the subject property to the present owner Julian Chan and the homelot (sic) of 620 square meters to [d]efendant Pastor Samson'

b) remove their dwelling house erected on the said homelot (sic) after the lapse of 45 days following finality of judgment herein;

6. Allowing the withdrawal by [p]laintiffs of the redemption price deposited with the Office of the DAR Regional Cashier in the amount of ₱12,052.80;

7. Denying all other claims for lack of basis; and

8. Without pronouncement as to costs.

SO ORDERED.[37]

---

[37] *Id.* at 263-266, 268-270. Emphasis supplied.

Supreme Court E-Library

Unsatisfied, all of the parties filed their respective motions for reconsideration. Pastor assailed the Regional Adjudicator's finding that Macario was a bona fide and *de jure* tenant in the said landholding, as well as the order directing him to pay respondents disturbance compensation. Chan, for his part, sought reconsideration with respect to the pronouncement allowing respondents to maintain their peaceful possession of the 7,316-square meter property until they have been paid the computed disturbance compensation.

Meanwhile, respondents argued that there is no law authorizing the conversion of agricultural lands by the mere passage of a zoning ordinance. To support their contention, respondents cited the Court's pronouncement in *Co v. Intermediate Appellate Court*[38] to the effect that the passage of Metro Manila Zoning Ordinance No. 81-01 does not serve to convert existing agricultural lands in the covered area into residential lands or light industrial use lands nor does it have any retroactive effect as to discontinue all previously acquired rights on said lands. They also posit that the said zoning ordinance did not *ipso facto* convert agricultural lands into non-agricultural lands but merely provided for a guideline for future land use of affected areas.

On May 18, 1995, the Regional Adjudicator issued an Order[39] modifying her decision as follows:

> WHEREFORE, premises considered, the dispositive portion of the questioned decision of December 26, 1994 is PARTIALLY MODIFIED to read as follows:
>
> 1. Declaring the subject property more particularly described in paragraph 2 of the Complaint as no longer agricultural by virtue of its reclassification/conversion based on the duly approved Metro Manila Zoning Ordinance No. 81-01;
>
> 2. Dismissing the Complaint against the Defendant Julian Chan for lack of cause of action;

---

[38] No. 65928, June 21, 1988, 162 SCRA 390, 396.

[39] Records, pp. 366-371.

Supreme Court E-Library

3. Directing the Plaintiffs and all persons claiming right[s] under them to immediately vacate the 6,696 sq. m. portion of the subject property and surrender peaceful possession thereof to the present owner Julian Chan;

4. Directing the Defendant Pastor Samson to pay to the Plaintiffs 300 cavans of palay or its money equivalent of ₱90,000.00 as and by way of disturbance compensation to the late tenant Macario Susano;

5. Upon receipt of such payment for disturbance compensation, directing the Plaintiffs and all persons claiming rights under them to vacate the area utilized as homelot (sic) consisting of 620 square meters and surrender peaceful possession thereof to the Defendant Pastor Samson;

6. Allowing the withdrawal by Plaintiffs of the redemption price deposited with the Office of the DAR Regional Cashier in the amount of ₱12,052.80;

7. Denying all other claims for lack of basis; and

8. Without pronouncement as to costs.

SO ORDERED.[40]

The DARAB's Ruling

Upon appeal, the DARAB, on November 7, 2003, reversed the ruling of the RARAD. Anchoring its decision on this Court's pronouncement in *Co v. Intermediate Appellate Court*,[41] the DARAB explained that the issuance of an ordinance classifying the subject property into non-agricultural land did not have the effect of automatically converting the said land as non-agricultural land and terminating the tenancy relationship between the parties. The dispositive portion of the DARAB decision reads:

WHEREFORE, premises considered, the assailed decision and order are hereby REVERSED and SET ASIDE. A new judgment is entered:

1) Declaring the plaintiffs-appellants to be the lawful successors and tenants over the disputed landholding containing an area of 7,316 square meters;

---

[40] *Id.* at 370-371.

[41] *Supra* note 38.

Supreme Court E-Library

2) Ordering the defendants to respect and maintain the plaintiffs-appellants in the peaceful possession and cultivation of the subject landholding;

3) Recognizing the redemption right of [p]laintiffs-[a]ppellants in the 6,696 square-meter (sic) landholding;

4) Ordering [d]efendant Chan to reconvey the subject property to herein [p]laintiffs-[a]ppellants by executing a deed of reconveyance upon payment of the redemption price of ₱468,720.00 and allowing [d]efendant Chan to withdraw the amount of ₱12,052.80 from the DAR Regional Cashier, Region IV representing partial payment of the said price;

5) In the event that this decision shall have become final and executory, but [d]efendant Chan still refuses to execute the necessary document of reconveyance of the land in issue, the Register of Deeds of Caloocan City is hereby directed to register this decision in connection with the subject land covered by TCT No. 176758; afterwhich (sic) the Register of Deeds is hereby authorized to cancel TCT No. 176758 and in lieu thereof, to issue another Transfer Certificate of Title to and in the name of plaintiffs-appellants;

6) Directing the plaintiffs-appellants to coordinate with the Regional Director, Region IV or his duly authorized representative who shall initiate steps to obtain from the Land Bank financial assistance for redemption purposes of the subject property, pursuant to Section 12, R.A. 3844, as amended; [and]

7) Denying all claims and counterclaims for lack of merit.

No pronouncement as to cost.

SO ORDERED.[42]

Aggrieved, Pastor and Chan sought reconsideration of the said decision but their motions were denied for lack of merit.[43] Thus, they filed their respective petitions for review before the CA. The said appeals were later consolidated upon Pastor and Chan's motion.

---

[42] *Rollo* (G.R. No. 179024), pp. 121-122.

[43] Records, p. 645.

Supreme Court E-Library

During the pendency of the appeal, Pastor died on July 28, 2006 and was substituted by his estate represented by Rolando B. Samson.

The CA's Ruling

On August 31, 2006, the CA dismissed the appeal. The CA reasoned:

> x x x As borne by the records, Macario's cultivation of the property as well as [Pastor's] receipt of a portion of the produce therein lasted for a considerable length of time or more than thirty (30) years with nary a protest on the latter's part. To our mind, although petitioner [Pastor] did not expressly give his consent to a tenancy relation with Macario, we find that [Pastor's] acts are indicative of his implied consent to such relationship. Otherwise stated, by allowing Macario Susano to cultivate the subject landholding for a considerable length of time and by receiving a portion of the harvest therein, petitioner is deemed to have impliedly consented to a tenancy relationship with Macario. After all, it is well-settled in law that a tenancy relationship may be established either verbally or in writing, expressly or impliedly.[44]

The CA also held that Pastor and Macario's tenancy relationship was not extinguished despite the reclassification of the subject land into non-agricultural land in 1981 citing our ruling in *Alarcon v. Court of Appeals*.[45] The CA concluded that since the subject landholding was sold to Chan who, in turn, failed to notify Macario as required by law, the latter had the right to redeem the said property in accordance with Section 12[46] of R.A. No. 3844, as amended, or the Code of Agrarian Reforms of the Philippines.

---

[44] *Rollo* (G.R. No. 179086), p. 48.

[45] G.R. No. 152085, July 8, 2003, 405 SCRA 440.

[46] SEC. 12. *Lessee's Right of Redemption*. — In case the landholding is sold to a third person without the knowledge of the agricultural lessee, the latter shall have the right to redeem the same at a reasonable price and consideration: *Provided*, That where there are two or more agricultural lessees, each shall be entitled to said right of redemption only to the extent of the area actually cultivated by him. The right of redemption under this Section may be exercised within one hundred eighty days from notice in writing which shall

Supreme Court E-Library

On July 27, 2007, the CA denied petitioners' motions for reconsideration. Hence, these consolidated petitions.

The Issues

In G.R. No. 179024, the estate of Pastor Samson argues that

> The Honorable Court of Appeals gravely erred in rendering its subject Decision affirming the findings of the RARAD *a quo* and DARAB that a tenancy relationship existed between the late Pastor M. Samson and the late Macario Susano.[47]

Petitioner Julian Chan, on the other hand, argues in G.R. No. 179086 that

> [I.] The Honorable Court of Appeals grievously erred in recognizing the residential status of the property in question and yet upholding the tenancy relation between Pastor Samson and Macario Susano and in binding herein petitioner thereto[;]
>
> [II.] The Honorable Court of Appeals grievously erred in misapplying the ruling of this Honorable Court in *Alarcon v. Court of Appeals*[; and]
>
> [III.] The Honorable Court of Appeals grievously erred in finding that respondents were entitled to the right of redemption and that the same may still be exercised by respondents.[48]

In sum, at the core of this case is the issue of whether respondents are entitled to the benefits of the OLT Program under P.D. No. 27.

---

be served by the vendee on all lessees affected and the Department of Agrarian Reform upon the registration of the sale, and shall have priority over any other right of legal redemption. The redemption price shall be the reasonable price of the land at the time of the sale.

Upon the filing of the corresponding petition or request with the department or corresponding case in court by the agricultural lessee or lessees, the said period of one hundred and eighty days shall cease to run.

Any petition or request for redemption shall be resolved within sixty days from the filing thereof; otherwise, the said period shall start to run again.

The Department of Agrarian Reform shall initiate, while the Land Bank shall finance, said redemption as in the case of preemption.

[47] *Rollo* (G.R. No. 179024), p. 22.

[48] *Rollo* (G.R. No. 179086), p. 20.

Supreme Court E-Library

The Court's Ruling

Respondents contend that the sale of Lot 1108-C to Chan is null and void for being contrary to the provisions of P.D. No. 27 and because at the time of the sale, ownership over the said property was already vested in Macario by virtue of the provisions of P.D. No. 27 on the OLT program.

Chan, for his part, maintained that Macario himself had recognized the validity of the sale of Lot 1108-C to him as shown in the *Kusang Loob na Pagtatalaga* (Deed of Undertaking), signed by Macario and witnessed by his family members in 1991, and the Joint Motion and Manifestation filed with the MARO of Valenzuela.[49] Chan also asserts that when he bought the land from Pastor, it was already classified as residential land following the passage of Metro Manila Zoning Ordinance No. 81-01 on March 18, 1981.

Meanwhile, the estate of Pastor Samson, by way of avoidance, insists that Macario was not Pastor's tenant, reiterating the earlier claim that Macario's occupancy on the said land was by mere tolerance. The estate also argues that if Macario was a tenant, he should have reacted and asserted his alleged rights under agrarian laws when the land he was cultivating was significantly reduced after portions thereof were sold in 1977 and 1984.[50]

We find in favor of petitioners. Applying our pronouncement in *Levardo v. Yatco*,[51] we rule that the subject land cannot be subject to the OLT program of P.D. No. 27 for two reasons: first, the subject land is less than seven hectares; and second, respondents failed to show that Pastor owned other agricultural lands in excess of seven hectares or urban land from which he derived adequate income, as required by Letter of Instruction (LOI) No. 474.[52]

---

[49] *Id.* at 16.

[50] *Rollo* (G.R. No. 179024), p. 31.

[51] G.R. No. 165494, March 20, 2009, 582 SCRA 93, 103.

[52] The pertinent portion of LOI No. 474 reads:

TO: The Secretary of Agrarian Reform

Supreme Court E-Library

Moreover, the DAR Memorandum on the "Interim Guidelines on Retention by Small Landowners" dated July 10, 1975 is explicit:

5. Tenanted rice and/or corn lands seven (7) hectares or less **shall not be covered** by Operation Land Transfer. The relation of the land owner and tenant-farmers in these areas shall be **leasehold** x x x[53]

However, while the disputed landholding which had an original aggregate area of only 1.0138 hectares is not covered by the OLT program, the same may still be covered by P.D. No. 27, albeit under its Operation Land Leasehold (OLL) program. The OLL program placed landowners and tenants of agricultural land devoted to rice and corn into a leasehold relationship as of October 21, 1972.[54] But the fact that Macario, respondents' predecessor-in-interest, was a *de jure* tenant must be established.

Chan maintains that the tenancy relationship between Pastor and Macario, if there was any, ceased following the reclassification of the subject land as belonging to the low intensity residential zone (I-1) as of March 18, 1981. His contention, however, lacks merit in light of our ruling in *Co v. Intermediate Appellate Court*,[55] wherein we said that Metro Manila Zoning Ordinance No. 81-01 did not have the effect of discontinuing rights previously acquired over lands located within the reclassified

---

x x x x x x x x x

1. You shall undertake to place under the Land Transfer Program of the government pursuant to Presidential Decree No. 27, all tenanted rice/corn lands with areas of seven hectares or less belonging to landowners who own other agricultural lands of more than seven hectares in aggregate areas or lands used for residential, commercial, industrial or other urban purposes from which they derive adequate income to support themselves and their families. (Underscoring supplied.)

[53] Cited in *Levardo v. Yatco*, *supra* note 51. Emphasis supplied.

[54] *Rovillos v. Court of Appeals*, G.R. No. 113605, November 27, 1998, 299 SCRA 400, 407-408.

[55] *Supra* note 38.

Supreme Court E-Library

zone which are neither residential nor light industrial in nature.[56] The zoning ordinance is given prospective operation only.[57]

So was Macario a *de jure* tenant in the subject landholding entitled to security of tenure?

On this score, we answer in the negative.

R.A. No. 1199,[58] otherwise known as the Agricultural Tenancy Act of the Philippines, defines a tenant as 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 the landholder a price certain or ascertainable in produce or in money or both, under a leasehold tenancy system.[59]

For a tenancy relationship to exist between the parties, the following essential elements must be shown: (1) the parties are the landowner and the tenant; (2) the subject matter is agricultural land; (3) there is consent between the parties; (4) the purpose is agricultural production; (5) there is personal cultivation by the tenant; and (6) there is sharing of the harvests between the parties.[60] The presence of all of these elements must be proved by substantial evidence.[61]

---

[56] *Id.* at 396.

[57] *Ortigas & Co., Ltd. v. Court of Appeals*, G.R. No. 126102, December 4, 2000, 346 SCRA 748, 756.

[58] Entitled "AN ACT TO GOVERN THE RELATIONS BETWEEN LANDHOLDERS AND TENANTS OF AGRICULTURAL LANDS (LEASEHOLD AND SHARE TENANCY)" approved on August 30, 1954.

[59] *Id.*, Sec. 5(a).

[60] *Landicho v. Sia*, G.R. No. 169472, January 20, 2009, 576 SCRA 602, 619; *Bejasa v. Court of Appeals*, G.R. No. 108941, July 6, 2000, 335 SCRA 190, 197-198.

[61] *Soliman v. Pampanga Sugar Development Company (PASUDECO), Inc.*, G.R. No. 169589, June 16, 2009, 589 SCRA 236, 246.

Supreme Court E-Library

Petitioner estate of Pastor Samson contends that the elements of consent and sharing of harvest are lacking since Macario's occupancy and possession of the subject land was only by mere tolerance.

Respondents, however, counter that there was implied tenancy because Pastor accepted his share of the production for a considerable length of time. To prove their contention, respondents presented the affidavits executed by three farmers from adjoining landholdings, namely Santiago Pacheco,[62] Apolinario Francisco,[63] and Damaso Matias,[64] stating that they knew Macario to be a tenant of Pastor since 1959 and that Macario religiously paid his share of the produce to Pastor.

The estate of Pastor Samson argues that the said affidavits are insufficient to establish the existence of a tenancy relationship since the affiants failed to provide details as to what the agreed rental was. No concrete evidence was presented by the respondents to prove their claim.[65]

We agree with said petitioner.

The question of whether a tenancy relationship exists is basically a question of fact which, as a general rule, is beyond the scope of a petition for review on *certiorari* under Rule 45 of the 1997 Rules of Civil Procedure, as amended.[66] The question of whether there was an implied tenancy and sharing are basically questions of fact and the findings of the Court of Appeals and the Boards *a quo* are, generally, entitled to respect and nondisturbance, as long as they are supported by substantial evidence.[67] Such findings of fact may be reviewed by the Court

---

[62] Annex "H", CA *rollo* (CA-G.R. SP No. 89443), p. 91.

[63] Annex "I", *id.* at 92.

[64] Annex "J", *id.* at 93.

[65] *Rollo* (G.R. No. 179024), pp. 14 and 27.

[66] *Landicho v. Sia*, *supra* note 60 at 615; and *Cornes v. Leal Realty Centrum Co., Inc.*, G.R. No. 172146, July 30, 2008, 560 SCRA 545, 567.

[67] *Ramos Vda. de Brigino v. Ramos*, G.R. No. 130260, February 6, 2006, 481 SCRA 546, 553.

Supreme Court E-Library

when the conclusion is a finding grounded entirely on speculation, surmises or conjectures,[68] or if the findings of fact are conclusions without citation of specific evidence on which they are based.[69]

In the case at bar, while the RARAD, DARAB and the CA are unanimous in their conclusion that an implied tenancy relationship existed between Pastor Samson and Macario Susano, no specific evidence was cited to support such conclusion other than their observation that Pastor failed to protest Macario's possession and cultivation over the subject land for more than 30 years. Contrary to what is required by law, however, no independent and concrete evidence were adduced by respondents to prove that there was indeed consent and sharing of harvests between Pastor and Macario.

It has been repeatedly held that occupancy and cultivation of an agricultural land will not *ipso facto* make one a *de jure* tenant.[70] Independent and concrete evidence is necessary to prove personal cultivation, sharing of harvest, or consent of the landowner.[71] Substantial evidence necessary to establish the fact of sharing cannot be satisfied by a mere scintilla of evidence; there must be concrete evidence on record adequate to prove the element of sharing. To prove sharing of harvests, a receipt or any other credible evidence must be presented, because self-serving statements are inadequate.[72] Tenancy relationship cannot be presumed;[73] the elements for its existence are explicit in law and cannot be done away with by conjectures.[74] Leasehold

---

[68] *Joaquin v. Navarro*, 93 Phil. 257, 270 (1953).

[69] *Sacay v. Sandiganbayan*, Nos. 66497-98, July 10, 1986, 142 SCRA 593, 609.

[70] See *Heirs of Jose Barredo v. Besañes*, G.R. No. 164695, December 13, 2010, p. 6; *Soliman v. Pampanga Sugar Development Company (PASUDECO), Inc.*, *supra* note 61; and *Landicho v. Sia*, *supra* note 60.

[71] *Landicho v. Sia*, *id.* at 619-620.

[72] *Soliman v. Pampanga Sugar Development Company (PASUDECO), Inc.*, *supra* note 61 at 249.

[73] *Id.* at 246.

[74] *Id.* at 252.

relationship is not brought about by the mere congruence of facts but, being a legal relationship, the mutual will of the parties to that relationship should be primordial.[75] For implied tenancy to arise it is necessary that all the essential requisites of tenancy must be present.[76]

The affidavits executed by three of respondents' neighbors are insufficient to establish a finding of tenancy relationship between Pastor and Macario. As correctly observed by the estate of Pastor Samson, the affiants did not provide details based on their personal knowledge as to how the crop-sharing agreement was implemented, how much was given by Macario to Pastor, when and where the payments were made, or whether they have at any instance witnessed Pastor receive his share of the harvest from Macario. Such failure is fatal to respondents' claim particularly since the respondents have the burden of proving their affirmative allegation of tenancy.[77] In fine, the conclusions of the RARAD, DARAB and the CA respecting the existence of tenancy relationship between Pastor and Macario are not supported by substantial evidence on record.

The sale of the land to Chan likewise did not violate R.A. No. 3844 or the Agricultural Tenancy Act. Considering that respondents have failed to establish their status as *de jure* tenants, they have no right of pre-emption or redemption under Sections 11 and 12 of the said law.[78]

WHEREFORE, the petitions for review on *certiorari* are *GRANTED*. The assailed Decision dated August 31, 2006 and Resolution dated July 27, 2007 of the Court of Appeals in CA-G.R. SP Nos. 89052 and 89443 are *REVERSED* and *SET ASIDE*.

---

[75] *VHJ Construction and Development Corporation v. Court of Appeals*, G.R. No. 128534, August 13, 2004, 436 SCRA 392, 398 as cited in *Soliman v. Pampanga Sugar Development Company (PASUDECO), Inc.*, *supra* note 61 at 250.

[76] *Adriano v. Tanco*, G.R. No. 168164, July 5, 2010, 623 SCRA 218, 229.

[77] *Id.* at 230.

[78] See *NICORP Management and Development Corporation v. De Leon*, G.R. Nos. 176942 & 177125, August 28, 2008, 563 SCRA 606, 616-617.

Supreme Court E-Library

Respondents Mercedes and Norberto R. Susano's action for maintenance of peaceful possession, docketed as DARAB Case No. IV-MM-0063-93, is *DISMISSED* for lack of merit. They are ordered to *SURRENDER* peaceful possession and occupation of Lot 1108-A-1, covered by TCT No. 137744, to the Estate of Pastor M. Samson, represented by Rolando B. Samson and Lot 1108-C, covered by TCT No. 176758, to petitioner Julian C. Chan.

No pronouncement as to costs.

SO ORDERED.

Carpio Morales (Chairperson), Brion, Bersamin, and *Sereno, JJ.,* concur.

SECOND DIVISION

[G.R. No. 179532. May 30, 2011]

CLAUDIO S. YAP, *petitioner, vs.* **THENAMARIS SHIP'S MANAGEMENT and INTERMARE MARITIME AGENCIES, INC.,** *respondents.*

SYLLABUS

1. LABOR AND SOCIAL LEGISLATION; THE MIGRANT WORKERS AND OVERSEAS FILIPINOS ACT OF 1995 (R.A. NO. 8042); SECTION 10 THEREOF; A 3-MONTH CAP ON THE CLAIM OF ILLEGALLY DISMISSED OVERSEAS FILIPINO WORKERS WITH AN UNEXPIRED PORTION OF ONE YEAR OR MORE IN THEIR CONTRACTS IS UNCONSTITUTIONAL FOR BEING VIOLATIVE OF THE RIGHTS OF THE MIGRANT WORKERS TO EQUAL PROTECTION OF THE LAWS AND THE SUBSTANTIVE DUE PROCESS; DOCTRINE