Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

AUTOMAT REALTY AND DEVELOPMENT CORPORATION, LITO CECILIA AND LEONOR LIM, Petitioners,	**G.R. No. 192026**
	Present:
	CARPIO, *J., Chairperson,* BRION, DEL CASTILLO, and MENDOZA, LEONEN, *JJ.*
-versus-	
SPOUSES MARCIANO DELA CRUZ, SR. AND OFELIA DELA CRUZ, Respondents.	**Promulgated:** OCT 0 1 2014

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DECISION

LEONEN, *J.*:

Before us is a petition for review[1] assailing the Court of Appeals' August 19, 2009 decision[2] affirming the Department of Agrarian Reform Adjudication Board (DARAB) in finding the Spouses Dela Cruz to be lawful tenants, and its April 14, 2010 resolution denying reconsideration.

Petitioners pray that the Court of Appeals' decision and resolution be set aside and a new one be issued nullifying the DARAB's February 8, 2005 decision[3] and June 30, 2006 resolution,[4] and reinstating the August 28, 2001

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[1] *Rollo,* pp. 12–46. This petition was filed pursuant to Rule 45 of the Rules of Court.
[2] Id. at 54–68.
[3] Id. at 261–267.
[4] Id. at 279–280.

decision[5] of the Provincial Agrarian Reform Adjudicator (PARAD) for Laguna that dismissed the petition to maintain peaceful possession with injunction filed by respondent Spouses Dela Cruz (respondent spouses).[6]

The facts as found by the Court of Appeals are as follows.

Petitioner Automat Realty and Development Corporation (Automat) is the registered owner of two parcels of land located in Barangay Malitlit, Sta. Rosa, Laguna, covered by TCT Nos. T-210027 and T-209077.[7]

Automat acquired the 49,503-square-meter parcel of land covered by TCT No. T-209077 from El Sol Realty and Development Corporation in 1990. In the same year, Automat also acquired the 24,562-square-meter parcel of land covered by TCT No. T-210027 from Ofelia Carpo.[8]

Petitioner Leonor Lim (petitioner Lim) was the real estate broker behind Automat's purchase of the property. Respondent spouses sometimes referred to petitioner Lim some Sta. Rosa real estate properties available for sale. They received a share in the broker's fees either from the seller or buyer.[9]

The land was not occupied in 1990 when it was purchased by Automat. Respondent Ofelia dela Cruz volunteered her services to petitioner Lim as caretaker to prevent informal settlers from entering the property. Automat agreed, through its authorized administrator, petitioner Lim, on the condition that the caretaker would voluntarily vacate the premises upon Automat's demand.[10]

Respondent spouses' family stayed in the property as rent-paying tenants. They cultivated and improved the land. They shared the produced palay with Automat through its authorized agent, petitioner Lito Cecilia (petitioner Cecilia). He also remitted the rentals paid by respondent Ofelia Dela Cruz to petitioner Lim in Makati and to Automat's office in Quezon City.[11]

Sometime in August 2000, Automat asked respondent spouses to vacate the premises as it was preparing the groundwork for developing the property.[12]

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[5] Id. at 197–200.
[6] Id. at 45.
[7] Id. at 55.
[8] Id.
[9] Id.
[10] Id. at 55–56.
[11] Id. at 56.
[12] Id.

Respondent spouses refused to vacate unless they were paid compensation. They claimed "they were agricultural tenants [who] enjoyed security of tenure under the law."[13]

On October 19, 2000, respondent spouses filed a petition for maintenance of peaceful possession with prayer for preliminary mandatory injunction and/or temporary restraining order against Automat before the PARAD for Laguna.[14]

Automat had recovered possession of the property before respondent spouses filed their petition, and it continues to have possession at present.[15]

On August 28, 2001, the PARAD dismissed the complaint. It declared, among other things, that "no agricultural tenancy can be established between [the parties] under the attending factual circumstances."[16] The PARAD found it undisputed that when petitioners entered the property in 1990, it was already classified as residential, commercial, and industrial land. Thus, "it is legally impossible for [the property] to be the subject of an agricultural tenancy relation[ship]."[17]

On February 8, 2005, the DARAB reversed and set aside the PARAD's decision. It declared respondent spouses as *de jure* tenants of the landholding, thus, protected by security of tenure.[18] It ordered Automat "to maintain [the spouses] in peaceful possession and cultivation of the landholding."[19]

Automat, petitioner Lim, and petitioner Cecilia appealed with the Court of Appeals,[20] arguing that (a) the DARAB had no jurisdiction since the property is not agricultural land, (b) the board's finding that respondent spouses are *de jure* tenants was not supported by evidence, and (c) the essential requisites for a valid agricultural tenancy relationship are not present.[21]

On August 19, 2009, the Court of Appeals affirmed the DARAB without prejudice to petitioners' right to seek recourse from the Department

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[13] Id.
[14] Id. at 56 and 530.
[15] Id. at 56.
[16] Id. at 200. The PARAD decision was penned by Provincial Adjudicator Virgilio M. Sorita.
[17] Id. at 199.
[18] Id. at 266. The DARAB decision was penned by Assistant Secretary Vice-Chairman Lorenzo R. Reyes.
[19] Id.
[20] They filed a petition via Rule 43 of the Rules of Court.
[21] Id. at 60–61.

of Agrarian Reform Secretary on the other issues.[22]

The Court of Appeals, like the DARAB, gave more weight to the following documentary evidence:[23] (a) Municipal Agrarian Reform Office's Job H. Candinado's October 18, 2000 certification stating that respondent spouses are the actual tillers of the land;[24] (b) sworn statements by Norma S. Bartolozo, Ricardo M. Saturno, and Resurrection E. Federiso who are residents and owners of the adjoining lots;[25] (c) Irrigation Superintendent Cesar C. Amador's certification on the irrigation service fee paid by respondent spouses;[26] and (d) checks paid by respondent spouses as proof of rental.[27] Petitioners filed for reconsideration.[28]

Meanwhile, the Department of Agrarian Reform (DAR) Region IV-A CALABARZON issued two orders, both dated March 30, 2010, exempting the property from coverage of the Comprehensive Agrarian Reform Program (CARP).[29]

On April 16, 2010, petitioners filed a supplemental motion for reconsideration informing the Court of Appeals of these exemption orders.[30]

Two days earlier or on April 14, 2010, the Court of Appeals had denied reconsideration. On May 4, 2010, it noted without action the supplemental motion for reconsideration.[31]

Hence, petitioners Automat, Leonor Lim, and Lito Cecilia appealed before this court.

Petitioners submit that the Court of Appeals erred in applying *Sta. Ana v. Carpo*[32] in support of its ruling that the parcels of land are agricultural in nature and that an agricultural tenancy relationship existed between Automat and respondent spouses.[33] They also argue that the DAR exemption orders confirmed their "consistent position that the DARAB never had jurisdiction over the subject matter of this case."[34]

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22 Id. at 68.
23 Id. at 67.
24 Id. at 143.
25 Id. at 141.
26 Id. at 142.
27 Id. at 138–140.
28 Id. at 72–93.
29 Id. at 22 and 374–382.
30 Id. at 22–23 and 383–389.
31 Id. at 23.
32 593 Phil. 108 (2008) [Per J. Nachura, Third Division].
33 *Rollo,* p. 537.
34 Id. at 553.

Respondent spouses counter that the Court of Appeals correctly ruled that a tenancy relationship existed between Automat and respondent spouses.[35] They argue that an implied contract of tenancy was created when they were allowed to till the land for 10 years.[36] Consequently, they are entitled to security of tenure as tenants.[37] They add that the "subsequent reclassification of agricultural lands into non-agricultural [land] after the effectivity of the (Comprehensive Agrarian Reform Law) CARL does not automatically remove the land from the coverage of the Comprehensive Agrarian Reform Program [as a] valid certificate of exemption o[r] exclusion, or a duly approved conversion order, must first be secured."[38]

The issues for resolution are as follows:

I. Whether an agricultural tenancy relationship exists between Automat and respondent spouses; and

II. Whether the DAR exemption orders have an effect on the DARAB's earlier exercise of jurisdiction.

I
No agricultural tenancy relationship

The elements to constitute a tenancy relationship are the following: "(1) the parties are the landowner and the tenant or agricultural lessee; (2) the subject matter of the relationship is 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 the landowner and the tenant or agricultural lessee."[39]

There must be substantial evidence on the presence of all these requisites; otherwise, there is no *de jure* tenant.[40] Only those who have established *de jure* tenant status are entitled to security of tenure and coverage under tenancy laws.[41]

Well-settled is the rule that he who alleges must prove.[42] Respondent

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35 Id. at 473.
36 Id. at 478.
37 Id.
38 Id. at 479.
39 *Galope v. Bugarin*, G.R. No. 185669, February 1, 2012, 664 SCRA 733, 738 [Per J. Villarama, Jr., First Division]; *Rodriguez v. Salvador,* G.R. No. 171972, June 8, 2011, 651 SCRA 429, 437 [Per J. Del Castillo, First Division]; *See also Suarez v. Saul,* 510 Phil. 400, 406 (2005) [Per J. Ynares-Santiago, First Division].
40 *Nicorp Management v. De Leon,* 585 Phil. 598, 605 (2008) [Per J. Ynares-Santiago, Third Division].
41 Id. at 605–606.
42 *Joson v. Mendoza*, 505 Phil. 208, 219 (2005) [Per J. Chico-Nazario, Second Division].

spouses filed the petition before the PARAD, praying to be maintained in peaceful possession of the property. They were the ones claiming they had a tenancy relationship with Automat. Thus, they had the burden of proof to show that such relationship existed.

I.A
Actual tillers

On the first requisite, respondent spouses contend that the Municipal Agrarian Reform Office (MARO) Officer Job A. Candanido issued a certification on October 18, 2000 that respondent spouses are the actual tillers of the land.[43] Three farmers of adjacent lands[44] testified on the same fact — that respondent spouses are the actual tillers.[45] Irrigation Superintendent Cesar Amador also issued a certification that respondent spouses paid the irrigation service fees.[46]

Petitioners counter with MARO Officer Candanido's March 23, 2001 amended certification. This later certification states that there are "No Records of Tenancy or written Agricultural Leasehold Contract to any farmer/tiller"[47] in relation to the property.

This court has held that a MARO certification "concerning the presence or the absence of a tenancy relationship between the contending parties, is considered merely preliminary or provisional, hence, such certification does not bind the judiciary."[48]

The amended certification does not bind this court. Several elements must be present before the courts can conclude that a tenancy relationship exists. MARO certifications are limited to factual determinations such as the presence of actual tillers. It cannot make legal conclusions on the existence of a tenancy agreement.

Thus, petitioners' reliance on the amended MARO certification fails to persuade.

Nevertheless, the finding in the original MARO certification on the presence of actual tillers is closely related to the nature of the land. This brings us to the second requisite that the property must be agricultural land.

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[43] *Rollo,* pp. 143 and 474–475.
[44] Norma S. Bartolazo, Ricardo M. Saturno, and Resurreccion E. Federiso.
[45] *Rollo*, p. 476.
[46] Id. at 475.
[47] Id. at 118 and 510.
[48] *Soliman v. PASUDECO,* 607 Phil. 209, 224 (2009) [Per J. Nachura, Third Division], *citing Salmorin v. Zaldivar,* 581 Phil. 531, 538 (2008) [Per J. Corona, First Division].

I.B
Not agricultural land

Petitioners submit that the two parcels of land were classified as industrial prior to the effectivity of CARL on June 15, 1988. This was done through the Municipal Zoning Ordinance of Sta. Rosa Laguna No. XVIII, series of 1981, approved on December 2, 1981 by the then Human Settlements Regulatory Commission, now the Housing and Land Use Regulatory Board or HLURB.[49] This classification was reiterated in the town plan or Zoning Ordinance No. 20-91 of Sta. Rosa, Laguna, approving the town plan classifying the lands situated in Barangay Malitlit as industrial land.[50]

Respondent spouses counter that the reclassification of the lands into non-agricultural was done in 1995, after the effectivity of CARL, by virtue of Sangguniang Bayan Resolution as approved by the Sangguniang Panlalawigan Resolution No. 811, series of 1995. Section 20 of the Local Government Code[51] governs the reclassification of land in that "[a] city or municipality may, through an ordinance passed by the Sanggunian after conducting public hearing for the purpose, authorize [sic] the reclassification of agricultural lands. . . ."[52]

Respondent spouses then argue that a subsequent reclassification does not automatically remove the land from CARP coverage. "A valid certificate of exemption [or] exclusion, or a duly approved conversion order, must first be secured. . . ."[53]

The land in this case cannot be considered as agricultural land.

First, it is undisputed that the DAR Region IV-A CALABARZON had already issued two orders,[54] both dated March 30, 2010, exempting the property from CARP coverage.[55] These orders were submitted before the Court of Appeals[56] and raised again before this court. The orders provide in part:

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49 *Rollo,* pp. 115–117 and 496.
50 Id. at 109–112 and 496.
51 Rep. Act No. 7160 (1991).
52 *Rollo,* p. 479.
53 Id.
54 Id. at 374–382.
55 Id. at 22.
56 On April 16, 2010, petitioners filed a supplemental motion for reconsideration with the Court of Appeals, informing the court of these exemption orders. However, the Court of Appeals had already ruled on their motion for reconsideration two days earlier by resolution dated April 14, 2010.

> Department of Justice Opinion No. 44, series of 1990 ruled that "Lands already classified as commercial, industrial or residential use and approved by the HLURB prior to the effectivity of RA No. 6657 on June 15, 1988 no longer need any conversion clearance. Moreover, the term agricultural lands as defined in Section 3 (c) of RA 6657 do not include those lands already classified as mineral, forest, residential, commercial or industrial. ***The case at hand shows that the subject property is within the non-agricultural zone prior to 15 June 1988.***
>
> ***Further, said lands reclassified to non-agricultural prior to June 15, 1988 ceased to be considered as "agricultural lands" and removed from the coverage of the Comprehensive Agrarian Reform Program***.
>
> After a careful evaluation of the documents presented, this office finds substantial compliance by the applicant with the documentary requirements prescribed under DAR Administrative Order No. 04, Series of 2003.[57] (Emphasis supplied)

The exemption orders clearly provide that the lands were reclassified to non-agricultural prior to June 15, 1988, or prior to the effectivity of Republic Act No. 6657 known as the Comprehensive Agrarian Reform Law of 1988 (CARL).[58]

Section 3(c) of the CARL defines "agricultural land" as "land devoted to agricultural activity as defined in this Act and not classified as mineral, forest, residential, commercial or industrial land."

This meaning was further explained by DAR Administrative Order No. 1, Series of 1990, otherwise known as the Revised Rules and Regulations Governing Conversion of Private Agricultural Lands to Non-Agricultural Uses:

> . . . . Agricultural land refers to those devoted to agricultural activity as defined in R.A. 6657 and not classified as mineral or forest by the Department of Environment and Natural Resources (DENR) and its predecessor agencies, and ***not classified in town plans and zoning ordinances as approved by the Housing and Land Use Regulatory Board (HLURB) and its preceding competent authorities prior to 15 June 1988 for residential, commercial or industrial use***.[59] (Emphasis in the original)

While the earlier Republic Act No. 3844,[60] otherwise known as the Agricultural Land Reform Code, focuses on actual use of the land when it defines "agricultural land" as "land devoted to any growth, including but not limited to crop lands, salt beds, fish ponds, idle land[61] and abandoned land[62]

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57 *Rollo*, pp. 376 and 380.

58 Rep. Act No. 6657 (1988).

59 DAR Administrative Order No. 1 (1990), *cited in Junio v. Secretary Garilao,* 503 Phil. 154, 163 (2005) [Per J. Panganiban, Third Division].

60 This Republic Act was approved on August 8, 1963.

61 Section 166(18) defines "idle lands" as "land not devoted directly to any crop or to any definite

as defined in paragraphs 18 and 19 of this Section, respectively,"[63] this must be read with the later Republic Act No. 6675 (CARL) that qualifies the definition with land classifications.

Second, in *Sta. Ana v. Carpo*[64] cited at length by the Court of Appeals, this court found that the PARAD and the Court of Appeals both acted without jurisdiction in ruling that "the land had become non-agricultural based on a zoning ordinance of 1981 – on the strength of a mere vicinity map."[65]

In *Sta. Ana,* the landowner had the burden of proof in filing a complaint for ejectment due to non-payment of lease rentals. In the instant case, respondent spouses have the burden of proving all elements of tenancy in filing their petition to be maintained in peaceful possession of the property. Unlike the facts in *Sta. Ana,* respondent spouses do not contend that the reclassification of the land was by a "mere vicinity map." Their contention is that it was made only in 1995, thus, the land remains within CARP coverage unless petitioners secure a certificate of exemption or exclusion, or a duly approved conversion order.

As earlier discussed, petitioners have secured exemption orders for the lands.

I.C
Consent; nature of relationship

Respondent spouses allege that petitioners "never contest[ed] nor refute[d] [respondent's] cultivation and occupation of residence in the land (since 1990) for the past ten (10) years or so."[66] This brings us to the third requisite on consent.

Respondent spouses argue that petitioners' inaction or failure to refute their occupation and cultivation of the land for the past 10 years, coupled with the acceptance of payments for use of the land, is "indicative of consent, if not acquiescence to . . . tenancy relations."[67] They contend that a

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economic purpose for at least one year prior to the notice of expropriation except for reasons other than *force majeure* or any other fortuitous event but used to be devoted or is suitable to such crop or is contiguous to land devoted directly to any crop and does not include land devoted permanently or regularly to other essential and more productive purpose."

62 Section 166(19) defines "abandoned lands" as "lands devoted to any crop at least one year prior to the notice of expropriation, but which was not utilized by the owner for his benefit for the past five years prior to such notice of expropriation."

63 Rep. Act No. 3844 (1963), sec. 166(1).

64 593 Phil. 108 (2008) [Per J. Nachura, Third Division].

65 *Rollo,* p. 61, *citing Sta. Ana v. Carpo,* 593 Phil. 108, 125 (2008) [Per J. Nachura, Third Division].

66 *Rollo,* p. 476.

67 Id. at 477.

"[t]enancy relationship may be deemed established by implied agreement [when a] landowner allows another [to] cultivate his land in the concept of a tenant for a period of ten (10) years."[68] They add that Automat cannot deny the authority of administrator, petitioner Cecilia, whose acts are binding on the landowner.[69]

On the other hand, petitioners argue that the acts of the parties "taken in their entirety must be demonstrative of an intent to continue a prior tenancy relationship established by the landholder."[70] There should be "no issue . . . [on] the authority of the overseer to establish a real right over the land."[71]

Petitioners contend that there is no prior tenancy relationship to speak of between respondent spouses and Automat. Petitioner Cecilia executed an affidavit submitted to the DARAB categorically denying respondent spouses' allegations that he instituted them as agricultural tenants.[72] Petitioner Lim executed a similar affidavit "debunking [respondent spouses'] claim that they were instituted as agricultural tenants."[73] Petitioners, thus, emphasize that petitioners Cecilia and Lim's authority to establish a real right over the land has been properly questioned, and no special power of attorney[74] has been presented by respondent spouses on such authority.[75]

The PARAD agreed in that "it would be totally behind [sic] human comprehension for Automat to institute a tenant on their untenanted lands [as] [i]t has been of public knowledge that landowners were paying millions of pesos a hectare just to get rid of their tenants in Sta. Rosa, Laguna since 1989 so that they could fully and freely [dispose] and [use] their lands. . . . it would be easier for this Office to believe and be convinced that, in deed [sic], if ever petitioners were allowed entry into the land it would be for any other purposes other than the establishment of a tenancy [relationship]."[76]

This court has ruled that "[t]enancy is not a purely factual relationship dependent on what the alleged tenant does upon the land [but] is also a legal

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68 Id.

69 Id. at 478, *citing Santos v. Vda. de Cerdenola,* 115 Phil. 813 (1962) [Per J. Barrera, En Banc].

70 *Rollo,* p. 500, *citing Sialana v. Avila,* 528 Phil. 82 (2006) [Per J. Austria-Martinez, First Division] and *Santos v. Vda De Cerdenola,* 115 Phil. 813 (1962) [Per J. Barrera, En Banc].

71 *Rollo,* p. 500.

72 Id. at 120 and 503.

73 Id. at 505.

74 CIVIL CODE, art. 1878. Special powers of attorney are necessary in the following cases:

. . . .

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

. . . .

(15) Any other act of strict dominion.

75 *Rollo,* p. 544.

76 Id. at 199.

relationship."[77] Tenancy relationship cannot be presumed. The allegation of its existence must be proven by evidence, and working on another's landholding raises no presumption of an agricultural tenancy.[78] Consequently, the landowner's consent to an agricultural tenancy relationship must be shown.

While this court agrees with the conclusion that no agricultural tenancy relationship can exist in this case, we find that the element of consent in establishing a relationship, not necessarily of agricultural tenancy, is present.

This court finds that Automat consented to a relationship with respondent spouses when (a) through petitioner Lim, it constituted respondent Ofelia dela Cruz as caretaker of the property with the understanding that she would vacate when asked by Automat, and (b) it accepted rental payments from respondent spouses.

First, petitioner Lim executed an affidavit stating that "Mrs. Ofelia dela Cruz or Nida volunteered to act as *caretaker* of the properties bought by Automat Realty only for the purpose of preventing squatters from entering the same and *on the understanding* that she would vacate the properties voluntarily when asked to do so by Automat Realty."[79]

Automat confirmed this agreement entered into by petitioner Lim on its behalf when it included such allegation in the statement of facts in its memorandum with this court.[80]

While Automat questioned petitioners Lim and Cecilia's authority to establish a real right over the property in that "[r]espondents had not shown any special power of attorney showing that Cecilia was authorized by Automat Realty to install any agricultural tenant on the latter's properties,"[81] it never denied giving consent to installing respondent spouses as caretakers of the land.

Second, while both petitioners Lim and Cecilia denied in their affidavits being the authorized administrator of Automat,[82] petitioner Cecilia nevertheless confirms accepting checks as rental payments from respondent spouses for convenience, considering that he often went to Makati where

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77 *Sialana v. Avila,* 528 Phil. 82, 90 (2006) [Per J. Austria-Martinez, First Division]; *Valencia v. Court of Appeals,* 449 Phil. 711, 736 (2003) [Per J. Bellosillo, Second Division]. *See also Heirs of Jugalbot v. Court of Appeals,* 547 Phil. 113, 120 (2007) [Per J. Ynares-Santiago, Third Division].

78 *Valencia v. Court of Appeals,* 449 Phil. 711, 737 (2003) [Per J. Bellosillo, Second Division], *citing Berenguer, Jr. v. Court of Appeals,* 247 Phil. 398, 406 (1988) [Per J. Gutierrez, Jr., Third Division].

79 *Rollo,* p. 119.

80 Id. at 529.

81 Id. at 544.

82 Id. at 119–120.

petitioner Lim holds office and Quezon City where Automat has its office.[83] Automat never denied receipt of these rentals.

Respondent spouses' petition for maintenance of peaceful possession filed with the PARAD alleged that "as regards the sharing arrangement derived from the rice/palay harvests, petitioners were verbally instructed to deliver the same to . . . Lito Cecilia who was authorized to collect for and in behalf of Automat every cropping period, the amount of Fifteen Thousand Five Hundred Pesos covering the two (2) parcels of land."[84] They attached photocopies of five (5) checks in the name of Automat for the following amounts: (a) 8,000.00 dated December 31, 1993; (b) 7,500.00 dated December 31, 1993; (c) 7,500.00 dated January 5, 1995; (d) 8,000.00 dated January 10, 1995; and (e) 7,500.00 dated June 22, 1997.[85]

I.C.1
Civil lease

Automat is considered to have consented to a civil lease.[86]

Article 1643 of the Civil Code provides that "[i]n the lease of things, one of the parties binds himself to give to another the enjoyment or use of a thing for a price certain, and for a period which may be definite or indefinite. . . ."

The Civil Code accommodates unwritten lease agreements such as Article 1682 that provides: "The lease of a piece of rural land, when its duration has not been fixed, is understood to have been for all the time necessary for the gathering of the fruits which the whole estate leased may yield in one year, or which it may yield once, although two or more years may have to elapse for the purpose."

On the other hand, Article 1687 states that "[i]f the period for the lease has not been fixed, it is understood to be from year to year, if the rent agreed upon is annual; from month to month, if it is monthly; from week to week, if the rent is weekly; and from day to day, if the rent is to be paid daily. . . ." Applying this provision, "the contract expires at the end of such month [year, week, or day] unless *prior thereto,* the extension of said term has been sought by appropriate action and judgment is, eventually, rendered therein

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83 Id. at 120.
84 Id. at 124.
85 Id. at 138–140.
86 *See Ganzon v. Court of Appeals,* 434 Phil. 626, 639 (2002) [Per J. Vitug, First Division] where this court determined that the relationship between the parties was not of agricultural tenancy, but one of civil law lease. *See also Bejasa v. Court of Appeals,* 390 Phil. 499, 509 (2000) [Per J. Pardo, First Division].

granting the relief."[87]

Under the statute of frauds, an unwritten lease agreement for a period of more than one year is unenforceable unless ratified.[88]

Respondent spouses were allowed to stay in the property as caretakers and, in turn, they paid petitioners rent for their use of the property. Petitioners' acceptance of rental payments may be considered as ratification[89] of an unwritten lease agreement whose period depends on their agreed frequency of rental payments.

I.C.2
Builder, planter, sower

In the alternative, if the facts can show that the proper case involves the Civil Code provisions on builders, planters, and sowers, respondent spouses may be considered as builders, planters, or sowers in good faith, provided such is proven before the proper court.

Article 448 of the Civil Code provides that if the landowner opts to "appropriate as his own the works, sowing or planting," he must pay indemnity to the builder, planter, or sower in good faith in accordance with the relevant provisions of the Code:

> ART. 448. **The owner of the land on which anything has been built, sown or planted in good faith, shall have the right to appropriate as his own the works, sowing or planting, after payment of the indemnity provided for in articles 546 and 548**, or to oblige the one who built or planted to pay the price of the land, and the one who sowed, the proper rent. However, the builder or planter cannot be obliged to buy the land if its value is considerably more than that of the building or trees. In such case, he shall pay reasonable rent, if the owner of the land does not

[87] *Yap v. Court of Appeals,* 406 Phil. 281, 289 (2001) [Per J. Bellosillo, Second Division].

[88] CIVIL CODE, art. 1403:
ART. 1403. The following contracts are unenforceable, unless they are ratified:
(1) Those entered into in the name of another person by one who has been given no authority or legal representation, or who has acted beyond his powers;
(2) Those that do not comply with the Statute of Frauds as set forth in this number. In the following cases an agreement hereafter made shall be **unenforceable by action, unless the same, or some note or memorandum, thereof, be in writing, and subscribed by the party charged, or by his agent;** evidence, therefore, of the agreement cannot be received without the writing, or a secondary evidence of its contents:
. . . .
(e) An agreement for the leasing for a longer period than one year, or for the sale of real property or of an interest therein[.] (Emphasis supplied).

[89] CIVIL CODE, art. 1405 provides that "[c]ontracts infringing the Statute of Frauds, referred to in No. 2 of article 1403, are **ratified** by the failure to object to the presentation of oral evidence to prove the same, or **by the acceptance of benefits under them**." (Emphasis supplied). *See Orduña v. Fuentebella,* G.R. No. 176841, June 29, 2010, 622 SCRA 146, 159 [Per J. Velasco, Jr., First Division].

> choose to appropriate the building or trees after proper indemnity. The parties shall agree upon the terms of the lease and in case of disagreement, the court shall fix the terms thereof.
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> . . . .
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> ART. 546. Necessary expenses shall be refunded to every possessor; but only the possessor in good faith may retain the thing until he has been reimbursed therefor.
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> Useful expenses shall be refunded only to the possessor in good faith with the same right of retention, the person who has defeated him in the possession having the option of refunding the amount of the expenses or of paying the increase in value which the thing may have acquired by reason thereof.
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> . . . .
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> Art. 548. Expenses for pure luxury or mere pleasure shall not be refunded to the possessor in good faith; but he may remove the ornaments with which he has embellished the principal thing if it suffers no injury thereby, and if his successor in the possession does not prefer to refund the amount expended. (Emphasis supplied)

Article 448 of the Civil Code on builders, planters, and sowers in good faith applies when these parties have a claim of title over the property.[90] This court has expanded this limited definition in jurisprudence:

> This Court has ruled that this provision covers only cases in which the builders, sowers or planters believe themselves to be owners of the land or, at least, to have a claim of title thereto. It does not apply when the interest is merely that of a holder, such as a mere tenant, agent or usufructuary. From these pronouncements, good faith is identified by the belief that the land is owned; or that — by some title — one has the right to build, plant, or sow thereon.
>
> However, in some special cases, this Court has used Article 448 by recognizing good faith beyond this limited definition. Thus, in *Del Campo v. Abesia,* this provision was applied to whose house — despite having been built at the time he was still co-owner — overlapped with the land of another. **This article was also applied to cases wherein a builder had constructed improvements with the consent of the owner.** The Court ruled that the law deemed the builder to be in good faith. In *Sarmiento v. Agana,* the builders were found to be in good faith despite their reliance on the consent of another, whom they had mistakenly believed to be the owner of the land.[91] (Emphasis supplied)

Respondent spouses alleged in their petition before the PARAD that

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[90] *Communities Cagayan, Inc. v. Nanol,* G.R. No. 176791, November 14, 2012, 685 SCRA 453, 467–468 [Per J. Del Castillo, Second Division].

[91] Id. at 468, *citing Spouses Macasaet v. Spouses Macasaet,* 482 Phil. 853, 871–872 (2004) [Per J. Panganiban, Third Division].

they "introduced various agricultural improvements purposely to make the said landholdings productive, harvests of which were remitted and delivered to . . . AUTOMAT through its administrator LITO CECILIA. . . ."[92]

The Court of Appeals' recitation of facts also state that respondent spouses "*cultivated the area*, improved the same and shared the palay produced therein to the owner, Automat, through its authorized agent, Lito Cecilia."[93]

Petitioners allege in their memorandum before this court that at the time Automat purchased the property, these "were not irrigated and they were not planted to rice or any other agricultural crop."[94] No further allegations were made on whether the property was planted with trees or crops after its purchase in 1990, until respondent spouses were asked to vacate in 2000.

However, this court is not a trier of facts and can only entertain questions of law.[95] This court also applies the rule that damages must be proven in order to be awarded.[96]

The causes of action of respondent spouses, if these can be supported by the facts and evidence, may be pursued in the proper case either under builder, planter, or sower provisions, or civil lease provisions before the proper court.

II
DARAB jurisdiction

Petitioners submit that in light of the exemption orders, "[a]s a matter of law, the subject properties were never subject to the jurisdiction of the DARAB, which issued the decision erroneously affirmed by the Court of Appeals."[97]

In the same breath, petitioners recognize the PARAD's jurisdiction in praying that this court "reinstat[e] the Decision of the Provincial Agrarian Reform Adjudication (PARAD) for the Province of Laguna dated August 28, 2001 in Reg Case No. R-0403-0041, dismissing the 'Petition to Maintain Peaceful Possession with Injunction' filed by the respondents."[98]

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[92] *Rollo,* pp. 123–124.
[93] Id. at 56.
[94] Id. at 529.
[95] RULES OF COURT, Rule 45, sec.1.
[96] CIVIL CODE, art. 2199.
[97] *Rollo,* p. 557.
[98] Id. at 558.

The DARAB has "primary and exclusive jurisdiction, both original and appellate, to determine and adjudicate all agrarian disputes involving the implementation of the [CARP] . . . and other agrarian laws and their implementing rules and regulations:"[99]

RULE II
Jurisdiction Of The Adjudication Board

SECTION 1. *Primary and Exclusive Original and Appellate Jurisdiction.* – The Board shall have primary and exclusive jurisdiction, both original and appellate, to determine and adjudicate **all agrarian disputes** involving the implementation of the Comprehensive Agrarian Reform Program (CARP) under Republic Act No. 6657, Executive Order Nos. 228, 229, and 129-A, Republic Act No. 3844 as amended by Republic Act No. 6389, Presidential Decree No. 27 and other agrarian laws and their implementing rules and regulations. Specifically, such jurisdiction shall include but not be limited to cases involving the following:

a) The rights and obligations of persons, whether natural or juridical, engaged in the management, cultivation and use of all agricultural lands covered by the CARP and other agrarian laws;

b) The valuation of land, and the preliminary determination and payment of just compensation, fixing and collection of lease rentals, disturbance compensation, amortization payments, and similar disputes concerning the functions of the Land Bank of the Philippines (LBP);

c) The annulment or cancellation of lease contracts or deeds of sale or their amendments involving lands under the administration and disposition of the DAR or LBP;

d) Those cases arising from, or connected with membership or representation in compact farms, farmers' cooperatives and other registered farmers' associations or organizations, related to lands covered by the CARP and other agrarian laws;

e) Those involving the sale, alienation, mortgage, foreclosure, pre-emption and redemption of agricultural lands under the coverage of the CARP or other agrarian laws;

f) Those involving the issuance, correction and cancellation of Certificates of Land Ownership Award (CLOAs) and Emancipation Patents (EPs) which are registered with the Land Registration Authority;

g) Those cases previously falling under the original and exclusive jurisdiction of the defunct Court of Agrarian Relations

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[99] Department of Agrarian Reform Adjudication Board (DARAB) New Rules of Procedure (1994), Rule II, sec. 1. *See also Soriano v. Bravo,* G.R. No. 152086, December 15, 2010, 638 SCRA 403, 418 [Per J. Leonardo-De Castro, First Division].

> under Section 12 of Presidential No. 946, except sub-paragraph (q) thereof and Presidential Decree No. 815.
>
> It is understood that the aforementioned cases, complaints or petitions were filed with the DARAB after August 29, 1987.
>
> Matters involving strictly the administrative implementation of Republic Act No. 6657, otherwise known as the Comprehensive Agrarian Reform Law (CARL) of 1988 and other agrarian laws as enunciated by pertinent rules shall be the exclusive prerogative of and cognizable by the Secretary of the DAR.
>
> h) And such other agrarian cases, disputes, matters or concerns referred to it by the Secretary of the DAR.
>
> SECTION 2. *Jurisdiction of the Regional and Provincial Adjudicators*. – The RARAD and the PARAD shall have concurrent original jurisdiction with the Board to hear, determine and adjudicate **all agrarian cases and disputes, and incidents in connection therewith, arising within their assigned territorial jurisdiction**.[100] (Emphasis supplied)

"Agrarian dispute" has been defined under Section 3(d) of Republic Act No. 6657[101] as referring to "any controversy relating to tenurial arrangements, whether leasehold, tenancy, stewardship or otherwise, over lands devoted to agriculture. . . ."

This court has held that "jurisdiction of a tribunal, including a quasi-judicial office or government agency, over the nature and subject matter of a petition or complaint is *determined by the material allegations* therein and the character of the relief prayed for irrespective of whether the petitioner or complainant is entitled to any or all such reliefs."[102]

The petition filed by respondent spouses before the PARAD alleged that "AUTOMAT REALTY AND DEV'T CORP. . . is the registered owner of two (2) parcels of agricultural land. . .",[103] respondent spouses were "instituted as tenant-tillers of the two (2) parcels of rice landholdings by . . . AUTOMAT through its authorized administrator LITO CECILIA", [104] and that "shares of the harvests of . . . AUTOMAT were paid and delivered in the form of checks payable in cash in the name of . . . AUTOMAT. . . ."[105]

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[100] Department of Agrarian Reform Adjudication Board (DARAB) New Rules of Procedure (1994), Rule II, sec. 1–2. *See also Soriano v. Bravo,* G.R. No. 152086, December 15, 2010, 638 SCRA 403, 418–420 [Per J. Leonardo-De Castro, First Division].

[101] An Act Instituting a Comprehensive Agrarian Reform Program to Promote Social Justice and Industrialization, Providing the Mechanism for its Implementation and for Other Purposes, otherwise known as the Comprehensive Agrarian Reform Law of 1988.

[102] *Heirs of Del Rosario v. Del Rosario,* G.R. No. 181548, June 20, 2012, 674 SCRA 180, 191–192 [Per J. Reyes, Second Division].

[103] *Rollo,* p. 123.

[104] Id.

[105] Id. at 124.

However, jurisdiction is *conferred by law*, and "an order or decision rendered by a tribunal or agency without jurisdiction is a total nullity."[106]

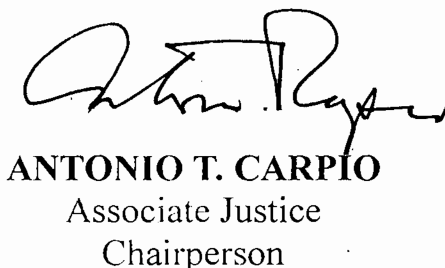
The DAR exemption orders have determined with certainty that the lands were reclassified as non-agricultural prior to June 15, 1988. Consequently, the petition filed by respondent spouses in 2000 before the PARAD did not involve "lands devoted to agriculture" and, necessarily, it could not have involved any controversy relating to such land. Absent an "agrarian dispute," the instant case cannot fall under the limited jurisdiction of the DARAB as a quasi-judicial body.

WHEREFORE, the petition is **GRANTED**. The Court of Appeals' August 19, 2009 decision and April 14, 2010 resolution are **REVERSED** and **SET ASIDE**. The PARAD's decision dated August 28, 2001 and DARAB's decision dated February 8, 2005 are declared **NULL** and **VOID** for lack of jurisdiction, without prejudice to the filing of a civil case with the proper court.

SO ORDERED.

MARVIC M.V.F. LEONEN
Associate Justice

WE CONCUR:



ANTONIO T. CARPIO
Associate Justice
Chairperson

ARTURO D. BRION
Associate Justice

MARIANO C. DEL CASTILLO
Associate Justice

JOSE C. MENDOZA
Associate Justice

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[106] *Spouses Atuel v. Spouses Valdez*, 451 Phil. 631, 646 (2003) [Per J. Carpio, First Division], *citing AFP Mutual Benefit Association, Inc. v. NLRC*, 334 Phil. 712, 725 (1997) [Per J. Panganiban, Third Division].

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ANTONIO T. CARPIO
Acting Chief Justice