Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

HEIRS OF FLORENTINO QUILO, NAMELY: BENJAMIN V. QUILO, JAIME V. QUILO, CELEDOÑA Q. RAMIREZ, IMELDA Q. ANCLOTE, ZENAIDA Q. BAITA, ORLANDO V. QUILO, EVANGELINE Q. PALAGANAS, ARTURO V. QUILO, and LOLITA Q. SEISMUNDO,
Petitioners,

- versus -

DEVELOPMENT BANK OF THE PHILIPPINES-DAGUPAN BRANCH, and SPOUSES ROBERTO DEL MINDO and CARLINA DEL MINDO,
Respondents.

G.R. No. 184369

Present:

SERENO, *CJ*, Chairperson,
LEONARDO-DE CASTRO,
BERSAMIN,
VILLARAMA, JR., and
REYES, *JJ.*

Promulgated:

OCT 23 2013

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DECISION

SERENO, *CJ:*

This is a Petition for Review on Certiorari of the Decision[1] dated 17 June 2008 of the Court of Appeals (CA) in CA-G.R. SP No. 100542, which reversed and set aside the Decision[2] dated 30 September 2002 of the Regional Agrarian Reform Adjudication Board (RARAB) of Urdaneta City, Pangasinan and the Decision[3] dated 19 December 2006 of the Department of Agrarian Reform Adjudication Board (DARAB).

In reversing the RARAB and DARAB Decisions, the CA found that petitioners had failed to prove that their predecessor-in-interest was a bona fide tenant of the predecessor-in-interest of respondents; hence, petitioners

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[1] *Rollo,* pp. 42-53; penned by then CA Associate Justice Jose Catral Mendoza (now a member of this Court) and concurred in by CA Associate Justices Hakim S. Abdulwahid and Arturo G. Tayag.
[2] Id. at 100-106; in DARAB Case No. 1138 (Reg. Case No. 01-458-EP'91).
[3] Id. at 107-114; in Reg. Case No. XI-01-458-EP'91.

cannot claim any right of redemption under Section 12 of Republic Act No. 3844, otherwise known as the Agricultural Land Reform Code.[4] The provision gives agricultural tenants the right to redeem the landholdings they are cultivating when these are sold to a third person without their knowledge.

The facts, culled from the records, are as follows:

The spouses Emilio Oliveros and Erlinda de Guzman (spouses Oliveros) owned four parcels of land.[5] In 1966, Florentino Quilo (Quilo) started planting vegetables thereon.[6] Sometime in 1975, Quilo filed with the Department of Agrarian Reform (DAR) a Complaint against the spouses Oliveros regarding unspecified issues in their alleged agrarian relations.[7] Hence, on 12 September 1975, a Notice of Conference was sent to the spouses by a DAR Team Leader.[8] However, the Complaint did not prosper.

The spouses Oliveros later on mortgaged the parcels of land to the Development Bank of the Philippines, Dagupan City Branch (respondent bank) to secure a loan, for which they executed an Affidavit of Non-Tenancy.[9] Since they were unable to pay the loan, the mortgage was foreclosed, and the title to the landholding consolidated with respondent bank.[10]

On 15 April 1983, respondent bank sold the parcels of land to the spouses Roberto and Carlina del Mindo (respondent spouses) for ₱34,000.[11] Respondent spouses began to fence the subject landholding shortly after.[12]

Upon learning about the sale, Quilo filed a Complaint for Redemption with Damages against respondents with the Regional Trial Court, Branch 46, Urdaneta, Pangasinan (RTC). He alleged that as an agricultural tenant of the land, he had the preference and the priority to buy it.[13] He further said that he was ready to repurchase it, and that he had deposited with the Clerk of Court the amount of ₱34,000 and other necessary expenses as redemption price.[14]

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[4] Id. at 52.
[5] Id. at 43.
[6] Id.
[7] Id. at 113.
[8] Id.
[9] Id. at 43-44. The exact date of the mortgage transaction cannot be determined from the records.
[10] Id. at 43.
[11] Id.
[12] Id. at 44.
[13] Id. at 43-44.
[14] Id. at 44.

However, on 6 May 1991, the RTC dismissed the case for lack of jurisdiction in view of the passage of Republic Act No. 6657,[15] which created the DARAB and gave the latter jurisdiction over agrarian disputes.[16] The RTC further directed the parties to litigate their case before the DARAB through the RARAB.[17] On 22 August 1992, Quilo died.[18] Hence, his heirs (petitioners) substituted for him in the pending case before the RARAB.[19] The RARAB dismissed the case "for lack of interest of the parties to proceed with the case,"[20] after which Quilo's heirs filed an appeal with the DARAB.[21]

On 29 April 1996, the DARAB promulgated a Decision granting the appeal and remanding the records of the case to the RARAB for its resolution on the merits.[22]

In the course of the trial before the RARAB, petitioners presented the records of Quilo's testimony, which was corroborated by former *Barangay* (*Brgy.*) Captain Norberto Taaca (Taaca), incumbent *Brgy.* Captain Hermogenes delos Santos (Delos Santos), Rufino Bulatao (Bulatao), and Gerardo Obillo (Obillo).[23] Taaca and Delos Santos confirmed that the parcels of land in question had been tilled by Quilo and owned by the spouses Oliveros. They further swore that Quilo had delivered a share of the produce to the said spouses.[24] Bulatao and Obillo, neighbors of Quilo, testified that he had planted on the land.[25] In addition to the testimonies, the DAR Notice of Conference dated 12 September 1975 was offered as evidence.[26]

On the other hand, respondent spouses and respondent bank averred that Quilo was not a tenant, but a squatter on the land; thus, he was not entitled to redeem the property.[27] To support their claim, they presented the Affidavit of Non-Tenancy executed by the spouses Oliveros and the records of the Agrarian Reform Team. These records certified that Quilo was not an agricultural lessee of the properties, nor was the subject landholding within the scope of a leasehold or of Operation Land Transfer (OLT).[28]

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[15] Otherwise known as the Comprehensive Agrarian Reform Law of 1988.
[16] *Rollo*, p. 45.
[17] Id.
[18] Id. at 16.
[19] Id.
[20] Id. at 45.
[21] Id.
[22] Id.
[23] Id. at 196.
[24] Id.
[25] Id.
[26] Id. at 46.
[27] Id. at 44.
[28] Id. at 44-45.

The RARAB ruled for petitioners.[29] It said that Quilo was a bonafide tenant based on his testimony that he had been in possession of the land and had been cultivating it since 1975, a claim corroborated by other witnesses.[30] It also gave no weight to the Affidavit of Non-Tenancy issued by the spouses Oliveros, since it was common knowledge that landowners routinely execute such affidavits to enable them to mortgage their lands to banks.[31] Furthermore, the Certification that the subject landholding was not within the scope of an OLT was not final, because not every tenancy relationship was registered.[32] The dispositive portion of the Decision[33] dated 30 September 2002 reads:

> WHEREFORE, premises considered, judgment is hereby issued as follows:
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> 1. DECLARING the deceased complainant Florentino Quilo as the bonafide tenant of the subject landholding, hence, his heirs are entitled to the right of redemption on said land;
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> 2. DECLARING that the reasonable redemption price of the said landholding is Thrity [sic] Four Thousand (₱34,000.00) pesos as appearing in the Deed of Absolute Sale;
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> 3. ORDERING the spouses-respondents Roberto and Carlina del Mindo to execute a Deed of Reconveyance or Deed of Sale of subject landholding in favor of the Heirs of Florentino Quilo, the complainant.
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> 4. DISMISSING the complaint with regard to respondent DBP; and
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> 5. DISMISSING the ancillary claims of complainants and the counterclaims of respondents for lack of evidence and merit.
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> SO ORDERED.[34]

Dissatisfied, respondents appealed to the DARAB, which upheld the RARAB ruling.[35] The DARAB ruled that Quilo was a tenant, because the records showed that he had been cultivating the subject landholding as early as 1975.[36] The tenancy was further bolstered by the Notice of Conference sent by DAR to the spouses Oliveros, informing them that Quilo had sought the assistance of the office regarding aspects of their agrarian relations.[37] Lastly, the DARAB said that the element of sharing was established,

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[29] Id. at 106.
[30] Id. at 103-105.
[31] Id. at 104.
[32] Id. at 104-105.
[33] Id. at 100-106.
[34] Id. at 106.
[35] Id. at 113.
[36] Id. at 112-113.
[37] Id. at 113.

because Quilo had been depositing his lease rentals with the RTC Clerk of Court, and there were withdrawals of the deposits by respondent spouses.[38]

Undaunted, respondents filed a Rule 43 Petition for Review[39] with the CA, questioning the basis of both the RARAB and the DARAB rulings in fact and in law.[40]

The CA in its Decision[41] dated 17 June 2008 held that the RARAB and the DARAB were mistaken in finding the existence of a tenancy relationship, as the quantum of proof required for tenancy – substantial evidence – had not been successfully met.[42] It said that there was no evidence that the spouses Oliveros had given their consent to the tenancy relationship; and that although the corroborating witnesses testified that Quilo was cultivating the land, this did not necessarily mean that he was doing so as a tenant.[43] In addition, the element of sharing was not proven, because the DARAB's finding that Quilo had been depositing his lease rentals and that there had been withdrawals therefrom had no basis on the records.[44] Petitioners then filed a Motion for Reconsideration,[45] which was denied by the CA.[46]

Hence, the instant Petition[47] in which petitioners contend that a factual review by this Court is proper, because the findings of the CA are contrary to those of the DARAB and the RARAB.[48] We asked respondents to file a Comment,[49] and petitioners a Consolidated Reply[50]−requirements they both complied with.[51] The parties also filed their respective Memoranda in compliance with the Court's Resolution dated 8 July 2009.[52]

Petitioners, in their Memorandum,[53] reiterated the arguments in the earlier Petition they had filed. On the other hand, respondent bank and respondent spouses said in their respective Memoranda[54] that petitioners only raised factual issues, which were improper in a Rule 45 Petition.[55] Also, the CA's findings did not warrant a factual review as an exception to

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[38] Id.
[39] Id. at 118-131.
[40] Id. at 123.
[41] Id. at 42-53.
[42] Id. at 51.
[43] Id. at 49-50.
[44] Id. at 50-51.
[45] Id. at 143-148.
[46] Id. at 11.
[47] Id. at 9-40.
[48] Id. at 20-21.
[49] Id. at 150.
[50] Id. at 166.
[51] Id. at 162, 175.
[52] Id.
[53] Id. at 187-204.
[54] Id. at 177-185, 206-215.
[55] Id. at 181-183, 214.

the general rule for Rule 45 Petitions.[56] According to respondents, the CA never deviated from the facts gathered and narrated by the DARAB. It merely exercised its sound judicial discretion in appreciating the facts based on existing laws and jurisprudence.[57]

The main issue before us is whether a tenancy relationship existed between Quilo and the spouses Oliveros.

We DENY the Petition.

Propriety of a Factual Review

As respondents question the propriety of a factual review of the case, the Court shall resolve this matter first.

The determination of whether a person is an agricultural tenant is basically a question of fact.[58] As a general rule, questions of fact are not proper in a petition filed under Rule 45. Corollary to this rule, findings of fact of the CA are final, conclusive, and cannot be reviewed on appeal, provided that they are borne out by the records or based on substantial evidence.[59] However, as we held in *Adriano v. Tanco,*[60] when the findings of facts of the DARAB and the CA contradict each other, it is crucial to go through the evidence and documents on record as an exception[61] to the rule.

We now rule on the main issue.

Failure to Establish the Tenancy Relationship

A tenancy relationship is a juridical tie that arises between a landowner and a tenant once they agree, expressly or impliedly, to undertake

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[56] Id.
[57] Id.
[58] *Cornes v. Leal Realty Centrum, Co., Inc*., G.R. No. 172146, 30 July 2008, 560 SCRA 545, 567
[59] *Milestone Realty and Co., Inc. v. CA,* 431 Phil. 119 (2002).
[60] G.R. No. 168164, 05 July 2010, 623 SCRA 218, citing *De Jesus v. Moldex Realty, Inc*., G.R. No. 153595, 23 November 2007, 538 SCRA 316, 320.
[61] The other recognized exceptions are (1) when the conclusion is a finding grounded entirely on speculation, surmises and conjectures; (2) when the inference made is manifestly mistaken, absurd or impossible; (3) when there is grave abuse of discretion; (4) when the judgment is based on a misapprehension of facts; (5) when the findings of fact are conflicting; (6) when the Court of Appeals went beyond the issues of the case in arriving at its findings, and these findings are contrary to the admissions of both the appellant and the appellee; (7) when the findings are contrary to those of the trial court; (8) when the findings of fact are conclusions without citation of specific evidence on which they are based; (9) when the facts set forth in the petition as well as the petitioner's main and reply briefs are not disputed by the respondents; and (10) when the findings of fact of the Court of Appeals are premised on the supposed absence of evidence and are contradicted by the evidence on record. [*Sarmiento v. Court of Appeals*, 353 Phil. 834, 846 (1998)]

jointly the cultivation of a land belonging to the landowner, as a result of which relationship the tenant acquires the right to continue working on and cultivating the land.[62] The relationship cannot be presumed.[63] All the requisite conditions for its existence must be proven, to wit:

(1) The parties are the landowner and the tenant.
(2) The subject is agricultural land.
(3) There is consent by the landowner.
(4) The purpose is agricultural production.
(5) There is personal cultivation.
(6) There is a sharing of harvests.[64]

We stress that petitioners have the burden of proving their affirmative allegation of tenancy.[65] Indeed, it is elementary that one who alleges the affirmative of the issue has the burden of proof.[66] Petitioners in the instant case failed to prove the elements of consent and sharing of harvests.

There is no evidence that the spouses Oliveros consented to a tenancy relationship with Quilo.

There is no evidence that the spouses Oliveros agreed to enter into a tenancy relationship with Quilo. His self-serving statement that he was a tenant was not sufficient to prove consent.[67] Precisely, proof of consent is needed to establish tenancy.

Independent and concrete evidence is needed to prove consent of the landowner.[68] Although petitioners presented the Affidavits of Obillo and Bulatao, as well as the DAR Notice of Conference[69] dated 12 September 1975, these documents merely established that Quilo occupied and cultivated the land.[70] Specifically, the Notice of Conference and the affidavits only showed that *first*, Quilo filed a Complaint against the spouses Oliveros regarding the land he was cultivating; and *second*, the affidavits confirmed merely that Quilo had been planting on the land. These documents in no way confirm that his presence on the land was based on a tenancy relationship that the spouses Oliveros had agreed to.

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[62] *Adriano v. Tanco*, G.R. No. 168164, 05 July 2010, 623 SCRA 218.
[63] *VHJ Construction and Development Corporation v. CA,* 480 Phil. 28 (2004).
[64] Id.
[65] Supra note 63.
[66] Id.
[67] *Rodriguez v. Salvador,* G.R. No. 171972, 08 June 2011, 651 SCRA 429.
[68] Supra note 63 citing *Heirs of Nicolas Jugalbot v. Court of Appeals*, G.R. No. 170346, 12 March 2007, 518 SCRA 203, 220.
[69] *Rollo,* p. 46.
[70] Id. at 49.

Mere occupation or cultivation of an agricultural land does not automatically convert the tiller into an agricultural tenant recognized under agrarian laws.[71] Despite this jurisprudential rule, the DARAB chose to uphold the finding of the RARAB that there was a tenancy relationship between Quilo and the spouses Oliveros. Hence, the CA committed no error in reversing the DARAB Decision.

On the matter of the existence of a sharing agreement between the parties, the pieces of evidence presented by petitioners to show the sharing agreement were limited to Quilo's self-serving statement and the Affidavit of Bulatao. Bulatao was Quilo's neighbor who stated that the latter had given his share of the harvest to the spouses Oliveros.[72] These are not sufficient to prove the existence of a sharing agreement, as we have held in *Rodriguez v. Salvador*:[73]

> The affidavits of petitioners' neighbours declaring that respondent and her predecessors-in-interest received their share in the harvest are not sufficient. Petitioners should have presented receipts or any other evidence to show that there was sharing of harvest and that there was an agreed system of sharing between them and the landowners.

The CA was also on point when it said that nothing in the records supported the DARAB finding that a sharing agreement existed because of Quilo's deposited rentals with the Clerk of Court of the RTC of Urdaneta, Pangasinan, Branch 46.[74] Firstly, we do not see how that deposit can prove the existence of a sharing agreement between him and the spouses Oliveros. Secondly, a perusal of the findings of fact of the RARAB, as affirmed by the DARAB, reveals that there was never any allegation from any of the parties, or any finding by the RARAB, that Quilo had deposited his rentals with the branch Clerk of Court, much less, that there were withdrawals therefrom. The only mention of a deposit of any kind can be found in the RARAB Decision and Quilo's Complaint where it was merely claimed that Quilo was willing and able to pay the **redemption price** of ₱34,000, and that he had deposited the amount with the branch Clerk of Court.[75]

WHEREFORE, In view of the foregoing, we **AFFIRM in *toto*** the Decision[76] dated 17 June 2008 of the Court of Appeals in CA-G.R. SP No. 100542.

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[71] *Danan v. Court of Appeals*, 510 Phil. 597 (2005).
[72] *Rollo,* pp. 195-196.
[73] G.R. No. 171972, 08 June 2011, 651 SCRA 429. See also *Berenguer, Jr. v. Court of Appeals*, G.R. No. L-60287, 17 August 1988, 164 SCRA 431, 438-439.
[74] *Rollo,* pp. 50-51.
[75] Id. at 101.
[76] *Rollo,* pp. 42-53.

SO ORDERED.

MARIA LOURDES P. A. SERENO
Chief Justice, Chairperson

WE CONCUR:

TERESITA J. LEONARDO-DE CASTRO
Associate Justice

LUCAS P. BERSAMIN
Associate Justice

MARTIN S. VILLARAMA, JR.
Associate Justice

BIENVENIDO L. REYES
Associate Justice

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.

MARIA LOURDES P. A. SERENO
Chief Justice