744 Phil. 731

SECOND DIVISION

[G.R. No. 192026, October 01, 2014]

AUTOMAT REALTY AND DEVELOPMENT CORPORATION, LITO CECILIA AND LEONOR LIM, PETITIONERS, VS. SPOUSES MARCIANO DELA CRUZ, SR. AND OFELIA DELA CRUZ, RESPONDENTS.

D E C I S I O N

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 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]

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 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]

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 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.

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:

> 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]