

SECOND DIVISION

[G.R. No. 200713, December 11, 2013]

**MARIO REYES, PETITIONER, VS. HEIRS OF PABLO FLORO,
RESPONDENTS.**

D E C I S I O N

CARPIO, J.:

The Case

Before us is a petition for review on certiorari^[1] assailing the Decision^[2] dated 21 December 2010 and Resolution^[3] dated 13 February 2012 of the Court of Appeals in CA-G.R. SP No. 100857, which affirmed the Resolution^[4] dated 16 May 2007 of the Department of Agrarian Reform Adjudication Board in DARAB Case No. 14369 declaring petitioner was not a tenant and ordering him to vacate the property.

The Facts

The subject of the litigation involves a parcel of land identified as Lot 5 of the Consolidated Subdivision Plan (LRC) Pcs-25816 covered by Transfer Certificate of Title (TCT) No. 279800.^[5] The land, primarily devoted to rice production and consisting of 62,186 square meters, is located in Longos, Malolos, Bulacan.

On 3 May 2004, petitioner Mario Reyes (Reyes) filed with the Provincial Agrarian Reform Adjudicator (PARAD) of Malolos City, Bulacan, a Complaint^[6] for Pre-Emption and Redemption, Maintenance of Peaceful Possession, Occupation and Cultivation with prayer for the issuance of Restraining Order/Injunction against Zenaida Reyes (Zenaida); Sun Industrial Corporation (Sun Industrial); the Register of Deeds of Tabang, Guiginto, Bulacan; and respondents, heirs of Pablo Floro, namely: Elena F. Vichico, Valeriano L. Floro, Ernesto L. Floro, Victoria Floro-Basilio, Avelina C. Floro, Elsie C. Floro, Samuel C. Floro, Josephine C. Floro, Jerome C. Floro, and Pablito Floro.

In the Complaint, Reyes alleged that the land was formerly owned by Carmen T. Bautista (Bautista) under one lot title, TCT No. T-264134. On 16 September 1983, Bautista allegedly sold the land to Zenaida as evidenced by a Deed of Absolute Sale with Agricultural Tenants Conformity.^[7] Before Bautista sold the land, Reyes was allegedly one of her tenant-lessees.

A day after the alleged sale, Bautista supposedly executed a document entitled *Pagpapatunay*^[8] dated 17 September 1983 claiming that she was the original owner of the land and acknowledging Reyes as her tenant, even though not registered with the Department of Agrarian Reform. In the same document, Bautista attested that Reyes did not sign the deed of sale since he did not want to give up his tenancy

rights. Thereafter, Zenaida registered the land in her name under TCT No. 279800. On 19 December 1983, Zenaida executed an Agricultural Leasehold Contract^[9] with Reyes, her brother.

Reyes then recounted that sometime in January 2004, three unknown persons introduced themselves as brokers and claimed that the heirs of Floro and Sun Industrial were selling the land, which had already been transferred to their names, and demanded that Reyes vacate the premises or else they would be forced to evict him. Reyes stated that he was the agricultural lessee of Zenaida based on a Certification^[10] dated 4 May 1995 issued by the Municipal Agrarian Reform Officer (MARO) of Sto. Rosario, Malolos, Bulacan. However, without Reyes' knowledge and consent, Zenaida conveyed and transferred ownership of the land in favor of the late Pablo Floro and executed a deed of assignment with waiver of rights in favor of Sun Industrial.

Reyes stated in the Complaint that as an agricultural lessee, he wanted to acquire the land according to the approved *Barangay* Committee on Land Production (BCLP) in the locality, by way of pre-emption and redemption, under Sections 11^[11] and 12^[12] of Republic Act No. (RA) 3844, as amended by RA 6389,^[13] or otherwise known as the Agricultural Land Reform Code.^[14] Thus, Reyes implored that a restraining order be issued against defendants upon receipt of the Complaint and, after hearing, prayed for the following: (1) to make the restraining order/injunction permanent; (2) to declare the documents on the transfer of ownership of the land in the names of the respondent heirs and Sun Industrial null and void *ab initio*; (3) to pay the amount of the redemption price based on the approved BCLP in the locality under Section 12 of RA 3844; and (4) to order the Registry of Deeds of Tabang, Guiginto, Bulacan to cancel all existing TCTs issued in the name of the respondent heirs and Sun Industrial and to issue new TCTs in his favor by virtue of Sections 11 and 12 of RA 3844.^[15]

On 28 May 2004, Zenaida filed her Answer with Counterclaim.^[16] She alleged that since 1983 Reyes was the actual occupant, cultivator and agricultural tenant-lessee over the subject land. Zenaida also stated that: (1) she timely received Reyes' rental payments as agricultural tenant-lessee and he complied with the terms and conditions of the agricultural leasehold contract which they have entered into; (2) as registered owner of the land, she had all the legal rights to dispose of the land without Reyes' consent; (3) she had no knowledge that Reyes wanted to acquire the land and/or exercise his rights of pre-emption and redemption; and (4) she never tried to eject Reyes from the land; thus, the issuance of a temporary restraining order was unnecessary. As counterclaim, Zenaida asked for moral and exemplary damages.

On 17 November 2004, Sun Industrial filed its Answer denying the material allegations in the Complaint. Sun Industrial raised the defense that it was an innocent assignee and purchaser for value in good faith. Sun Industrial alleged that the subject land, now covered by TCT No. T-1188 in its name, has no tenant or agricultural lessee. Otherwise, such fact would have been annotated at the back of its title. Sun Industrial pointed out that the two previous titles of the land showed that it was not covered by Operation Land Transfer. Sun Industrial declared that it became the registered owner of the land on 11 September 1989 or several years

before the alleged issuance of the MARO Certification dated 4 May 1995. Thus, since Zenaida ceased to be the owner of the land in 1995, she could no longer institute Reyes as tenant. Sun Industrial filed a counterclaim and prayed for the dismissal of the complaint and payment of attorney's fees and costs of suit.

On 6 December 2004, respondent heirs filed their Answer with special and affirmative defenses and damages. Respondent heirs maintained that they are the lawful owners of several parcels of land covered by TCT Nos. 51068, 85587, 85588, 51062, 51066, 51065 and 51069 registered with the Registry of Deeds of Bulacan. Respondent heirs asserted that before Sections 11 and 12 of RA 3844 may be applied, it must first be established that a tenancy or leasehold relationship existed between Reyes and Pablo Floro and/or his heirs. They added that while Zenaida is the alleged registered owner of the land in the Complaint, the same is not valid since she never acquired a valid and defensible title to the land. They averred that Zenaida was convicted of falsification of public documents by the Regional Trial Court (RTC) of Bulacan, Branch 22, in Criminal Case No. 9252-M. Since Zenaida falsified and forged the signature of Pablo Floro to transfer the subject land under her name, she could not validly enter into any voluntary dealings with anybody including Reyes and neither could they suffer for the misdeeds of Zenaida since they were also victims of an illegal transfer of ownership. Further, the respondent heirs alleged that Reyes did not cultivate the land since 1995 as certified by the *Punong Barangay* of Longos, Malolos, Bulacan nor did Reyes tender a reasonable purchase price within 180 days from the transfer of the land. Thus, respondent heirs prayed for the dismissal of the complaint as well as the payment of moral and exemplary damages plus attorney's fees, litigation expenses and costs of suit.

In a Decision^[17] dated 29 November 2005, the PARAD decided the case in favor of Reyes, as a tenant-lessee entitled to redemption. The PARAD added that Zenaida's conviction in a criminal case will not sever

Reyes' tenancy relations, having been instituted by the previous owner, and thus entitled to security of tenure as guaranteed by law. The dispositive portion of the Decision states:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff and against defendants, and Order is hereby issued as follows:

1. FINDING the plaintiff a legitimate tenant-lessee of the subject landholding;
2. GRANTING the right of the plaintiff to redeem the subject property from the defendant FLOROs and Sun Industrial Corporation;
3. Directing the plaintiff to pay the defendants the reasonable redemption price as follows:
 - a) Valeriano Floro is entitled to Php.10,821.00 over his two lots with an aggregate area of 14,967 sq.m. under TCT Nos. T-51062 and T-51066;
 - b) Avelina Floro, et al. are entitled to Php.10,821.00 over their two lots under TCT Nos. T-85588 and T-85587 with

- an aggregate area of 14,967 sq.m.;
- c) Elena Vichico is entitled to Php.10,907.90 over her two titles under TCT Nos. T-51065 and T-51069 with an aggregate area of 15,087 sq.m.;
 - d) Victoria Floro-Basilio is entitled to Php.5,210.20 over her title covered by TCT No. T-51068 with an area of 7,288 sq.m.;
 - e) Sun Industrial Corporation is entitled to Php.5,411.65 for its 7,485 sq.m. embraced by TCT No. T-1188;
4. Directing the Registry of Deeds of Bulacan to cancel TCT Nos. T-51062, T-51066, T-85588, T-85587, T-51065, T-51069, T-51068, and T-1188 issued in favor of the defendant FLOROs and Sun Industrial Corporation and issue a new title in the name of Mario Reyes after payment of the required legal fees pursuant to existing rules and regulations of the Land Registration Authority.

Claims and counterclaims are dismissed for lack of merit.

SO ORDERED.^[18]

Respondent heirs filed an appeal^[19] with the Department of Agrarian Reform Adjudication Board (DARAB). In a Decision^[20] dated 11 December 2006, the DARAB affirmed the decision of the PARAD and denied the appeal for lack of merit.

Respondent heirs filed a Motion for Reconsideration. In a Resolution^[21] dated 16 May 2007, the DARAB reconsidered and set aside its Decision dated 11 December 2006. The resolution declared that Reyes was not a tenant and ordered him to vacate the property.

The DARAB found that the PARAD failed to consider the following evidence submitted by respondent heirs to prove that they were the owners of the subject land: (1) the Deed of Reconveyance of Four (4) Parcels of Land dated 31 March 1986 executed by Zenaida in favor of Pablo Floro which provides:

WHEREAS, FIRST PARTY (defendant-appellee Zenaida Reyes) by means of false pretenses, strategy and stealth succeeded to take hold of SECOND PARTY'S owner's duplicate original copy of said Transfer Certificate of Title Annexes "A", "B", "C" and "D" hereof and on or about July 23, 1985 FIRST PARTY made it appear that SECOND PARTY (Pablo Floro) executed a certain "DEED OF ABSOLUTE SALE OF FOUR (4) PARCELS OF LAND" over the said above described Four (4) parcels of land covered by said Transfer Certificates of Title Annexes "A", "B", "C" and "D" hereof, purportedly in her favor for an alleged consideration of P35,000 and forged and falsified on said deed SECOND PARTY'S signature as vendor, a copy of said deed to the foregoing effect is hereto attached and marked as Annex "E" to form an integral part hereof.^[22]

(2) the Decision dated 1 June 2001 of the RTC of Malolos, Bulacan, Branch 22 in Criminal Case No. 9252-M entitled "People of the Philippines v. Zenaida Reyes" for falsification of public documents, the dispositive portion of which reads:

WHEREFORE, in view of all the foregoing, it can be deduced that the 62,000 square meters or the nine (9) titles originally belong to Pablo Floro and the accused somehow got hold of the four (4) land titles from Pablo Floro and transferred it to her name by signing the signature of Pablo Floro in the Deed of Absolute Sale dated July 23, 1985 (Exh. "C" and "C-1"). Later on in the Deed of Reconveyance of four (4) Parcels of Land she executed (Exh. "N") she admitted having forged and falsified the signature of Pablo [Floro] in Exh. "C" and "C-1."

Accused Zenaida Reyes is hereby found guilty beyond reasonable doubt and is hereby sentenced to suffer the penalty of four (4) months of arresto mayor as minimum to four (4) years and two (2) months of prision correccional as maximum and to pay a fine of Five Thousand Pesos (P5,000.00).

SO ORDERED.^[23]

and (3) the Decision dated 29 September 2004 of the Court of Appeals in CA-G.R. CV No. 68557 entitled "Victoria Floro-Basilio v. Zenaida Reyes and Sun Industrial Corporation" for annulment of title, where the CA found that there is no dispute on Pablo Floro's ownership over the land and declared the titles of Zenaida and Sun Industrial as void. The CA stated that Zenaida registered the land under her name by obtaining possession of the duplicate original of TCT No. T-280518 in the name of Pablo Floro and executing a fictitious deed of absolute sale in her favor by forging the

signature of Pablo Floro. Subsequently, Zenaida executed a deed of assignment and waiver of rights in favor of Sun Industrial which, despite the affidavit of adverse claim and notice of lis pendens annotated on the title, foreclosed the mortgage on the property and secured the issuance of TCT No. T-1188 in its name. The dispositive portion of the Decision provides:

WHEREFORE, the appeal is granted and the trial court's Decision dated June 28, 2000 is set aside. TCT No. T-295804 in the name of Zenaida Reyes and the subsequent TCT No. T-1188 in the name of Sun Industrial Corporation are nullified. Defendant-appellee Zenaida Reyes is ordered to pay to plaintiff-appellant P50,000.00 as moral damages, P50,000.00 as exemplary damages and the costs of suit.

SO ORDERED.^[24]

Reyes filed a Motion for Reconsideration on 20 June 2007 and sought the reversal of the Resolution dated 16 May 2007. In an Order^[25] dated 6 September 2007, the DARAB set aside the resolution and reinstated the PARAD's Decision dated 29 November 2005.

Respondent heirs then filed a petition for review with the Court of Appeals.

The Ruling of the Court of Appeals

In a Decision^[26] dated 21 December 2010, the Court of Appeals reversed and set aside the DARAB's Decision dated 11 December 2006 and Order dated 6 September