671 Phil. 705

SECOND DIVISION

[G.R. No. 176091, August 24, 2011]

RENE ANTONIO, PETITIONER, VS. GREGORIO MANAHAN, RESPONDENT.

D E C I S I O N

PEREZ, J.:

Assailed in this petition for review on *certiorari* filed pursuant to Rule 45 of the *1997 Rules of Civil Procedure* is the Decision dated 31 October 2006 rendered by the then Fourteenth Division of the Court of Appeals (CA) in CA-G.R. SP No. 88319, dismissing the Rule 65 petition for *certiorari* filed by petitioner Rene Antonio (Antonio).[1]

The Facts

The suit concerns two (2) parcels of agricultural land situated at *Gitnang Bayan* I, San Mateo, Rizal, with an aggregate area of 30,906 square meters, and registered in the name of private respondent Gregorio Manahan (Manahan) under Original Certificate of Title Nos. 9200 and 9150 of the Rizal Provincial Registry. On 16 November 1993, Manahan and Antonio entered into a *Kasunduang Buwisan sa Sakahan* (Leasehold Agreement) whereby the latter undertook to cultivate the subject parcels for an annual rental of 70 cavans of dried, cleaned and good quality *palay,* each weighing 44 kilos. Subject to the provisions of Republic Act No. 6389, [2] the Leasehold Agreement provided, among other terms and conditions, that the land shall be exclusively planted to rice; that Antonio shall neither expand the 12x12 square meter portion on which his house stands nor allow others to construct their homes on the lands in litigation; that the planting and harvest on both parcels shall be simultaneously accomplished by Antonio; and, that Manahan shall be entitled to a three-day prior notice of the harvests done on the property.[3]

In 1994, 1996 and 1997, Manahan filed complaints before the Municipal Agrarian Reform Officer (MARO) against Antonio, for such violations of the Leasehold Agreement as non-payment/remittance of the stipulated rentals despite demands, impairment of the fertility of the subject parcels by planting *kangkong* thereon and failure to synchronize the planting and harvest on both parcels as well as to give a three-day prior notice for harvests, as agreed upon.[4] On the ground that Antonio persisted with the foregoing violations of the Leasehold Agreement, Manahan filed the 16 September 1997 Complaint for Ejectment which was docketed as PARAD Case No. IV-Ri-0583-97 before the Rizal Provincial Agrarian Reform Adjudication Board (PARAD). In addition to Antonio's peaceful surrender of said parcels, Manahan sought indemnities for accrued lease rentals in the sum of P30,000.00 and the costs of the suit.[5]

Specifically denying the material allegations of the foregoing complaint in his 1 December 1997 answer, Antonio averred that he remitted the stipulated rentals regularly, except for the year 1993 when Manahan refused to accept the same; that his failure to notify Manahan of impending plantings and harvests is not an authorized cause for the dispossession of a tenant under Republic Act No. 6389; that the *kangkong* plants on Manahan's property were not deliberately introduced to impair its fertility but, rather, grew naturally without any effort exerted on his part; that even assuming that they were introduced by him, said plants merely affected a very insignificant portion of the subject parcels and were intended as supplement to his daily subsistence; and, that the plants' existence cannot, by any stretch of the imagination, be considered as violation of proven farm practices which connotes major agricultural improvements affecting the productivity of the land as a whole. Alongside the dismissal of the complaint, Antonio prayed for the grant of his counterclaims for moral and exemplary damages.[6]

The issues having been fully joined with the filing of the reply and rejoinder,[7] the parties filed their respective position papers, together with the pieces of documentary evidence in support of their respective causes[8] after the possibility of amicable settlement was foreclosed during the pre-trial conferences held in the case. On 4 October 1999, Provincial Adjudicator Rosalina Amonoy-Vergel de Dios rendered a decision for Manahan based on the following ascertained violations of the Leasehold Agreement committed by Antonio: (a) failure to pay the stipulated rental in full from 1993 to 1998; (b) failure to give Manahan prior notification of impending harvests; and (c) utilization of 3,000 square meters of the property to the planting of *kangkong*, despite Manahan's objections.[9] As a consequence of the foregoing findings, the PARAD disposed of the case in the following wise:

> WHEREFORE, IN VIEW OF THE FOREGOING, judgment is hereby rendered:
>
> a). Declaring defendant [Antonio] to have violated the terms and conditions of th(e) agricultural leasehold contract with [Manahan];
>
> b). Ordering the ejectment of [Antonio] from the landholding in question;
>
> c). Ordering [Antonio] to pay plaintiff the amount of P30,000.00 as payment for the unpaid lease rental;
>
> d). Ordering [Antonio] to surrender to [Manahan] the possession of the subject land.
>
> No pronouncement as to costs and damages.
>
> SO ORDERED.[10]

On appeal, the foregoing decision was initially reversed and set-aside in the 8 January 2004 decision rendered by the Department of Agrarian Reform Adjudication Board (DARAB) in DARAB Case No. 8969. Finding that Antonio's shortages did not

amount to a deliberate intent to evade payment of the stipulated rentals and that the *kangkong* simply grew naturally and sporadically on the property, the DARAB ordered Manahan to respect said tenant's peaceful possession and cultivation of the land and the dismissal of his claim for unpaid rentals.[11] Aggrieved, Manahan moved for the reconsideration of the DARAB's 8 January 2004 Decision on the ground, among other matters, that not being attributable to fortuitous event or force *majeure*, Antonio's failure to pay the rentals in full constituted sufficient ground for his dispossession under Section 36 of Republic Act No. 3844; and, that the established utilization of a substantial portion of the property for the planting of *kangkong* debunked Antonio's claim that the same grew naturally on the land. Contending that Antonio committed further violations of the Leasehold Agreement by planting string beans and building a second house and three (3) pig pens on the property,[12] Manahan further moved that an ocular inspection of the premises be conducted by the DARAB.[13]

On 14 April 2004, Manahan filed a manifestation calling the DARAB's attention to the fact that the ocular inspection it caused to be conducted confirmed Antonio's further contractual violations which included the planting of tomatoes, squash, eggplants and other root crops on the property.[14] In opposition, Antonio argued that the string beans he planted were momentary cash crops which did not alter the agricultural condition of the property; that the other vegetables and root crops complained against were planted within the perimeter boundary of the adjoining residential subdivision, on the other side of the water canal which serves as an embankment for the property; and, that the second house adverted to by Manahan was meant for the storage of harvested *palay* and, like the three (3) pig pens, were already standing on the land at the time Manahan filed the complaint from which the suit stemmed.[15] Finding merit in Manahan's motion as aforesaid, the DARAB issued the 28 December 2004 Resolution which reconsidered its 8 January 2004 Decision and reinstated the PARAD's 4 October 1999 Decision.[16]

On 10 February 2005, Antonio filed the petition for review docketed before the CA as CA-G.R. SP No. 88319, arguing that the DARAB gravely erred in finding that he violated the Leasehold Agreement and in interpreting laws and jurisprudence applicable to tenancy relationships.[17] Concluding that Antonio's failure to pay the rentals in full over the years and his planting of *kangkong* on the property were violations of the Leasehold Agreement which justified his dispossession under Section 36 of Republic Act No. 3844, the CA rendered the herein assailed 31 October 2006 Decision, dismissing the petition and affirming the DARAB's 28 December 2004 Resolution.[18] Antonio's motion for reconsideration of said decision was denied for lack of merit in the CA's 4 January 2007 resolution,[19] hence, this petition.

The Issues

Antonio urges the reversal of the assailed 31 October 2006 Decision and 4 January 2007 Resolution on the ground that the CA erred -

> **1. WHEN IT DECLARED THAT [HE] IS GUILTY OF NON-PAYMENT OF LEASE RENTALS DUE TO SHORTAGE OF LEASE RENTALS DELIVERED ON CERTAIN AGRICULTURAL CROP YEARS.**

2. WHEN IT DECLARED THAT [HE] VIOLATED THE TERMS AND CONDITIONS OF THE LEASEHOLD CONTRACT DUE TO ALLEGED PLANTING OF KANGKONG ON (A) SINGLE OCCASION.

3. WHEN IT APPLIED SECTION 36 (PARAGRAPHS 3 AND 4) OF RA 3844 AS AUTHORIZED CAUSES FOR DISPOSSESSION OF PETITIONER.[20]

The Court's Ruling

We find the affirmance of the assailed decision in order, despite the partial merit in the petition.

An agricultural leasehold relationship is said to exist upon the concurrence of the following essential requisites: (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.[21] Once the tenancy relationship is established, the tenant is entitled to security of tenure and cannot be ejected by the landlord unless ordered by the court for causes provided by law.[22] In recognition and protection of the tenant's right to security of tenure, the burden of proof is upon the agricultural lessor to show the existence of the lawful causes for ejectment[23] or dispossession under Section 36 of Republic Act No. 3844 which provides as follows:

> Section 36. *Possession of Landholding; Exceptions*. -- Notwithstanding any agreement as to the period or future surrender, of the land, an agricultural lessee shall continue in the enjoyment and possession of his landholding except when his dispossession has been authorized by the Court in a judgment that is final and executory if after due hearing it is shown that:
>
> > (1) The agricultural lessor-owner or a member of his immediate family will personally cultivate the landholding or will convert the landholding, if suitably located, into residential, factory, hospital or school site or other useful non-agricultural purposes: Provided; That the agricultural lessee shall be entitled to disturbance compensation equivalent to five years rental on his landholding in addition to his rights under Sections twenty-five and thirty-four, except when the land owned and leased by the agricultural lessor, is not more than five hectares, in which case instead of disturbance compensation the lessee may be entitled to an advanced notice of at least one agricultural year before ejectment proceedings are filed against him: Provided, further, That should the landholder not cultivate the land himself for three

> years or fail to substantially carry out such conversion within one year after the dispossession of the tenant, it shall be presumed that he acted in bad faith and the tenant shall have the right to demand possession of the land and recover damages for any loss incurred by him because of said dispossessions. HSD
>
> (2) The agricultural lessee failed to substantially comply with any of the terms and conditions of the contract or any of the provisions of this Code unless his failure is caused by fortuitous event or *force majeure*;
>
> (3) The agricultural lessee planted crops or used the landholding for a purpose other than what had been previously agreed upon;
>
> (4) The agricultural lessee failed to adopt proven farm practices as determined under paragraph 3 of Section twenty-nine;
>
> (5) The land or other substantial permanent improvement thereon is substantially damaged or destroyed or has unreasonably deteriorated through the fault or negligence of the agricultural lessee;
>
> (6) The agricultural lessee does not pay the lease rental when it falls due: Provided, That if the non-payment of the rental shall be due to crop failure to the extent of seventy-five per centum as a result of a fortuitous event, the non-payment shall not be a ground for dispossession, although the obligation to pay the rental due that particular crop is not thereby extinguished; or
>
> (7) The lessee employed a sub-lessee on his landholding in violation of the terms of paragraph 2 of Section twenty-seven.

As agricultural tenant, Antonio was ordered dispossessed of Manahan's landholding by the CA, the DARAB and the PARAD, on the ground that he failed to remit the stipulated rentals and violated the terms and conditions of the Leasehold Agreement. In taking exception to the findings of said court and tribunals, Antonio insists that he had religiously delivered the sacks of *palay* agreed upon as rentals, except for the years 1993 and 2001, when Manahan rejected the same due to poor quality. Maintaining that his arrearages/shortages in earlier years were paid/settled from subsequent harvests, Antonio argues that Manahan's continued acceptance of his deliveries over the years indicates that he had religiously complied with his obligation to pay the stipulated rentals. Absent a deliberate intent to pay, moreover, Antonio claims that arrears in lease rentals are considered as debts, which the tenant is simply obliged to repay during the ensuing years until the same is fully paid.[24]

The rule is settled that failure to pay the lease rentals must be willful and deliberate