

## SECOND DIVISION

[ G.R. No. 180374, January 22, 2010 ]

**BIENVENIDO T. BUADA, ISAIAS B. QUINTO, NEMESIO BAUTISTA, ORLANDO R. BAUTISTA FREDDIE R. BAUTISTA, CARLITO O. BUADA, GERARDO O. BUADA, ARMANDO M. OLIVA, ROGELIO F. RAPAJON, AND EUGENIO F. FLORES, PETITIONERS, VS. CEMENT CENTER, INC., RESPONDENT.**

### DECISION

**DEL CASTILLO, J.:**

In all contractual, property or other relations, when one of the parties is at a disadvantage on account of his moral dependence, ignorance, indigence, mental weakness, tender age or other handicap, the courts must be vigilant for his protection.<sup>[1]</sup>

This is a Petition for Review on *Certiorari* assailing the July 19, 2007 Decision<sup>[2]</sup> of the Court of Appeals (CA) in CA-G.R. SP No. 95154 which granted respondent's Petition for Review and nullified and set aside the Decisions of the Regional Adjudicator<sup>[3]</sup> dated March 9, 1999 and of the Department of Agrarian Reform Adjudication Board (DARAB)<sup>[4]</sup> dated March 11, 2005 dismissing the Complaint for Confirmation of Voluntary Surrender and Damages filed by respondent. Likewise assailed is the CA Resolution<sup>[5]</sup> dated October 11, 2007 which denied petitioners' Motion for Reconsideration.

#### ***Factual Antecedents***

Petitioners Bienvenido T. Buada, Isaias B. Quinto, Nemesio Bautista, Orlando T. Bautista, Freddie R. Bautista, Carlito O. Buada, Gerardo O. Buada, Armando M. Oliva, Rogelio F. Rapajon, and Eugenio F. Flores were tenant-farmers cultivating three parcels of agricultural land owned by respondent Cement Center, Inc.<sup>[6]</sup>

On March 13, 1998, respondent filed a Complaint<sup>[7]</sup> for Confirmation of Voluntary Surrender and Damages against petitioners with the Department of Agrarian Reform Adjudication Board, Region 1 in Urdaneta City, Pangasinan. It claimed that on June 28, 1995, petitioners entered into a Compromise Agreement with respondent whereby the former, for and in consideration of the sum of P3,000.00 each, voluntarily surrendered their respective landholdings. However, despite respondent's repeated demands, petitioners refused to vacate subject landholdings.

In their Answer,<sup>[8]</sup> petitioners alleged that their consent to the Compromise

Agreement was obtained through fraud, deceit, and misrepresentation. They claimed that sometime in 1995, respondent induced them to sign a Compromise

Agreement by representing that the subject landholdings are no longer viable for agricultural purposes. Petitioners alleged that respondent assured them that they would only apply for the conversion of the land and that they would have to surrender the land only upon the approval of said application and that thereafter, they will be paid a disturbance compensation of P3,000.00 each. Petitioners also claimed that respondent promised to hire them to work on the project that was planned for the converted land. But, should the application for conversion be denied, petitioners will continue to be tenants and could later become beneficiaries under the Comprehensive Agrarian Reform Law.

### ***Ruling of the Regional Adjudicator***

On March 9, 1999, the Regional Adjudicator rendered a decision in favor of the tenant-farmers. The dispositive portion of the Decision reads:

WHEREFORE, premises considered, Respondents being bonafide tenants of the subject landholdings, the instant case is hereby DISMISSED for lack of merit.

SO ORDERED.<sup>[9]</sup>

The Regional Adjudicator held that the Compromise Agreement was not enforceable because it violated the provisions of Administrative Order No. 12, Series of 1994.<sup>[10]</sup> Said administrative order requires the payment of disturbance compensation which should not be less than five times the average of the annual gross value of the harvest on their actual landholdings during the last five preceding calendar years. As such, the disturbance compensation being offered by respondent to each of the petitioners, which is P3,000.00 plus the income derived from a single cropping, is grossly inadequate. The Regional Adjudicator likewise noted that respondent did not offer homelots to the petitioners as required under the aforesaid administrative order.

Finally, the Regional Adjudicator held that since respondent's application for conversion was denied, then the purpose for the execution of the Compromise Agreement was rendered nugatory. As a consequence of the denial of the application, the subject landholdings shall be placed under the Comprehensive Agrarian Reform Program (CARP) compulsory coverage, as provided under the Administrative Order No. 12, Series of 1994.

### ***Ruling of the DARAB***

Aggrieved, respondent appealed to DARAB which rendered its Decision on March 11, 2005, the dispositive portion of which reads:

WHEREFORE, premises considered, the Appeal is DENIED and the assailed Decision is hereby AFFIRMED.<sup>[11]</sup>

In affirming the Decision of the Regional Adjudicator, the DARAB found that

respondent failed to prove that petitioners voluntarily surrendered their tenancy rights over the subject landholdings. It held that since the application for conversion was denied, then the Compromise Agreement is not a perfected obligation; it is as if the petitioners' voluntary surrender never existed.

### ***Ruling of the Court of Appeals***

Alleging that the DARAB gravely erred and committed grave abuse of discretion in dismissing its appeal, respondent thereafter filed a Petition for Review with the CA. The CA found the appeal meritorious and rendered its Decision in the following tenor:

WHEREFORE, in the light of the foregoing, the instant Petition is GRANTED. The assailed decisions of the Department of Agrarian Reform Adjudication Board (DARAB) dated March 11, 2005 and the Regional Adjudicator dated March 9, 1999 are NULLIFIED and SET ASIDE. The petitioner's Complaint for Confirmation of Voluntary Surrender and Damages is likewise GRANTED.

The voluntary surrender of the three (3) parcels of land covered by Transfer Certificate of Title Nos. 127892, 123800, and 83276 by the respondents in favor of the petitioner as embodied in the Compromise Agreement is hereby CONFIRMED.

Accordingly, the respondents are ORDERED to VACATE the subject landholdings upon payment by the petitioner to them of the amount of Three Thousand Pesos (P3,000.00) each representing their disturbance compensation.<sup>[12]</sup>

The appellate court found the Compromise Agreement executed by the parties to be valid. It held that its enforceability is not subject to the approval by the DARAB of the respondent's application for conversion. Likewise, the deficiency in consideration is not a ground to annul an otherwise valid and enforceable agreement. The appellate court also found petitioners to be literate on the ground that they were able to affix their signatures to the agreement.

Petitioners' Motion for Reconsideration was denied.

Hence, this petition.

### **Issues**

In this Petition for Review on *Certiorari* petitioners raise the following issues:

1. THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN MAKING AN INFERENCE [THAT] THE COMPROMISE AGREEMENT IS NOT SUBJECT TO INTERPRETATION.
2. THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN MAKING

[AN] INFERENCE (THAT) THE PETITIONERS WHO ARE TENANTS ARE LITERATE THUS, THEY UNDERSTOOD THE IMPORT OF THE CONTRACT THEY SIGNED.

3. THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN MAKING (AN) INFERENCE (THAT) THE DEFICIENCY OF CONSIDERATION (which is not in accordance with ADMINISTRATIVE ORDER NO. 12) DOES NOT NULLIFY THE CONTRACT.

### **Our Ruling**

The petition is impressed with merit.

Well-settled is the rule that this Court is not a trier of facts. When supported by substantial evidence, the findings of fact of the CA are conclusive and binding with, and are not reviewable by us unless the case falls under any of the recognized exceptions. One of the exceptions is when the findings of fact of the CA are contrary to those of the trial court<sup>[13]</sup> or quasi-judicial agency. In this case, the findings of fact of the CA and the DARAB are conflicting, thus we are compelled to take a look at the factual milieu of this case.

It is the policy of the State to promote the Security of Tenure of Farmers over their leasehold.

Republic Act (RA) No. 3844 (1963), otherwise known as the Agricultural Land Reform Code, declares it to be the policy of the State to make small farmers more independent, self-reliant and responsible citizens, and a source of genuine strength in our democratic society.<sup>[14]</sup> Towards this end, the same law guarantees the security of tenure of farmers with respect to the land they cultivate, thus:

Section 7. Tenure of Agricultural Leasehold Relation - The agricultural leasehold relation once established shall confer upon the agricultural lessee the right to continue working on the landholding until such leasehold relation is extinguished. x x x

As an exception to this security of tenure, however, Section 8 of RA 3844 specifically enumerates the grounds for the extinguishment of agricultural leasehold relations, *viz:*

Section 8. Extinguishment of Agricultural Leasehold Relation. -- The agricultural leasehold relation established under this Code shall be extinguished by:

(1) Abandonment of the landholding without the knowledge of the agricultural lessor;

**(2) Voluntary surrender of the landholding by the agricultural lessee**, written notice of which shall be served three months in advance;  
or