641 Phil. 281

SECOND DIVISION

[G.R. No. 170693, August 08, 2010]

EMILIA MICKING VDA. DE CORONEL AND BENJAMIN CORONEL, PETITIONERS, VS. MIGUEL TANJANGCO, JR., RESPONDENT.

D E C I S I O N

PERALTA, J.:

This petition for review under Rule 45 of the Rules of Court originated from a Complaint[1] for cancellation of certificate of land transfer and for ejectment filed by respondent Miguel Tanjangco, Jr. on June 24, 1997 before the Department of Agrarian Reform Adjudication Board (DARAB) in Malolos, Bulacan. The complaint stated that respondent was the owner of parcels of land found in Sta. Monica, Hagonoy, Bulacan, with an aggregate area of 26,428 square meters.[2] These pieces of land, identified as Lot Nos. 37, 38 and 39, were respectively covered by Tax Declaration Nos. 10547, 10572 and 8203 - all of which show that they were declared for taxation purposes in respondent's name.[3] Initially, these pieces of property were being cultivated by petitioner Emilia Micking Coronel and her husband as agricultural lessees, and when the latter died Emilia was given, by force of the government's *Operation Land Transfer,* a certificate of land transfer (CLT) covering the lots.[4]

Over time saltwater gradually saturated the property, making it unsuitable for rice cultivation.[5] Hence, in a 1980 agreement denominated as *Kasunduan sa Pagbabago ng Kaurian ng Lupang Sakahan (Palayan na Gagawing Palaisdaan)*, Emilia and her son, petitioner Benjamin Coronel,[6] allegedly agreed with respondent to convert Lot No. 38 into a fish farm.[7] Respondent claimed that for a consideration of P6,000.00, petitioners had bound to relinquish their rights as tenants not only on Lot No. 38 but also on Lot Nos. 37 and 39, which were likewise converted into fish farms following the execution of the agreement. Petitioners then purportedly leased Lot No. 38 to a certain Jess Santos for a term of five years and then to one Dionisio Toribio, both of whom successively operated fishing ponds on the land. When respondent supposedly learned about these leases, he demanded that petitioners vacate not only Lot No. 38 but also Lot Nos. 37 and 39. The demand went unheeded. Respondent was, thus, urged to bring the matter before the *Barangay* Agrarian Reform Committee, yet the parties could not amicably settle their issues before the said body.[8]

Petitioners suspected that respondent's claim of ownership was a ploy to circumvent agrarian law provisions on land retention. In their Answer[9] to the complaint, they disclosed that the subject lots were owned not by respondent but by the latter's father, Miguel Tanjangco, Sr., who had given them leasehold rights therein many years ago. They claimed that CLT No. 0-092761 was issued in favor of Emilia upon the death of her husband, and that she and her family had since been in possession

of the property as beneficiaries of the government's agrarian reform program. As holders of a CLT, they asserted that they had every right to retain possession of the lots.[10] Furthermore, they denied having relinquished their rights as land reform beneficiaries, and assuming there was such relinquishment the same was nevertheless void for being contrary to existing agrarian laws and rules. They suggest that it was respondent who committed a breach against their rights when he himself actually constituted a lease on a portion of the property in favor of Jess Santos. Lastly, they posited that respondent had no cause of action and if he did have cause to bring suit, the same nevertheless had already prescribed.[11]

It is evident from the records that in 1976, respondent had filed before the then Ministry of Agrarian Reform (MAR) a petition, docketed as MARCO Adm. Case No. III-1474-86, for the retention of not more than seven hectares of inherited land acquired from his grandparents, Adriano and Juana Tanjangco - the parents of Miguel, Sr. Lot No. 38 was included in the area applied to be retained and it was then being tenanted by Emilia. This lot, together with others in possession of different individuals, could have redounded to Miguel, Sr. had it not been for the waiver of his share following an extrajudicial settlement of the inherited estate among the heirs. The MAR granted respondent's application in its July 27, 1986 Order, and accordingly, it declared exempt from *Operation Land Transfer* the lots subject of the petition and directed that existing tenants in the covered area be maintained in their peaceful possession as agricultural lessees.[12]

That ruling in MARCO Adm. Case No. III-1474-86 was central to the provincial adjudicator's resolution of the present case. In its April 1, 1998 Decision,[13] the provincial adjudicator noted that the matter of cancelling petitioners' CLT covering Lot No. 38 was already water under the bridge in view of the MAR's directive to cancel it along with all the other existing CLTs. As to whether petitioners could be ejected not only from Lot No. 38 but also from Lot Nos. 37 and 39, the provincial adjudicator ruled in the affirmative. Citing the 1980 *Kasunduan,* in relation to Sections 36 and 27 of Republic Act (R.A.) No. 3844*,* it was found that petitioners' relinquishment of rights, coupled with the conversion of the lots into fishing ponds, as well as the voluntary surrender of possession to Jess Santos, had validly terminated existing tenurial rights.[14] The dispositive portion of the decision reads:

> WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff and against the defendants and order is hereby issued:
>
> 1. ORDERING the defendants to vacate peacefully the subject property;
>
> 2. ORDERING the defendants to restore possession of the subject property to the herein plaintiff;
>
> 3. ORDERING the defendants and all other persons acting in their behalves not to molest, interfere [with] or harass the herein plaintiff;
>
> 4. No pronouncement as to costs.
>
> SO ORDERED.[15]

Aggrieved, petitioners appealed to the DAR-Central Adjudication Board (DAR-CAB).[16] On January 15, 2001, it reversed the decision of the provincial adjudicator, holding that petitioners were already deemed owners of the subject property on the effective date of Presidential Decree (P.D) No. 27 and that the provisions in the law on prohibited transfers and relinquishment of land awards should apply to the transactions entered into by the parties.[17] The decision states:

> WHEREFORE, premises considered, the assailed decision dated April 1, 1998 is hereby REVERSED and SET ASIDE. A new judgment is rendered:
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> 1. Ordering Plaintiff-Appellee to maintain Defendants-Appellants in peaceful possession and cultivation of Lot 38 as tenants thereof;
>
> 2. Ordering the cancellation of CLT No. 0-09276 generated in favor of Defendant-Appellant Emilia Micking Vda. de Coronel covering Lot Nos. 37, 38 and 39. An Emancipation Patent (EP) CLT be issued in favor of Defendant-Appellant Emilia Micking Vda. de Coronel with respect to Lot Nos. 37 and 39, subject matter of this case; and
>
> 3. Ordering the parties to execute a leasehold contract over Lot No. 38.
>
> SO ORDERED.[18]

Following the denial of his motion for reconsideration,[19] respondent elevated the matter to the Court of Appeals via a petition for review in CA-G.R. SP No. 75112.[20] On October 28, 2003, the appellate court rendered the assailed Decision[21] granting the petition in part.

The Court of Appeals pointed out that inasmuch as Miguel, Sr. had failed to exercise his right of retention during his lifetime, respondent, as successor-in-interest acquired such right which he could therefore exercise as he in fact did. Thus, it noted, when the MAR ordered the cancellation of Emilia's CLT affecting Lot No. 38 and affirmed respondent's retention rights, petitioners became leaseholders on the property but their rights as such would terminate on the execution of the 1980 *Kasunduan* whereby they relinquished their rights for a consideration in accordance with Sections 8[22] and 28[23] of R.A. No. 3844. As to Lot Nos. 37 and 39, the appellate court held that petitioners remained to be the owners thereof and saw no reason to cancel petitioners' title thereto since proof was lacking to the effect that petitioners had surrendered these lots to respondent.[24] Modifying the DAR-CAB's decision, the appeal was disposed of as follows:

> WHEREFORE, based on the foregoing, the petition is hereby PARTLY GRANTED. The January 15, 2001 Decision of the Central Office of the Department of Agrarian Reform Adjudication Board (DARAB) is MODIFIED, in that the CORONELs are hereby ordered to vacate and restore possession of Lot No. 38 to TANJANGCO. The CLT No. 0-092761 shall be cancelled insofar as it covers Lot No. 38. Lot Nos. 37 and 39 shall remain in the ownership of the CORONELs.

SO ORDERED.[25]

Both parties moved for reconsideration[26] which the Court of Appeals denied. [27] Hence, this petition.

Before the Court, petitioners assail the validity of the exercise by respondent of the right of retention over Lot No. 38. That right, they claim, is purely personal to the real owner of the property, Miguel, Sr., who however had not entered into the exercise thereof at any time since P.D. No. 27 came into force. They note that under the law, before any of the heirs may exercise the right of retention belonging to the deceased landowner, it must be shown that the latter had manifested in his lifetime the intention to exercise the right. This, they believe, has not been proven by respondent.[28]

Petitioners also aver that the 1980 *Kasunduan* is against the law and public policy, because the stipulated consideration of P6,000.00 is shockingly low and clearly unconscionable, and that they were not fully apprised of the consequences of the agreement when they acceded to be bound by it. They disown the alleged act of relinquishment of tenurial rights relative to Lot No. 38, arguing that had there been such relinquishment, it would have been void nonetheless.[29] Finally, they deny having entered into any leasehold contract with respondent over Lot No. 38; they advance instead that it was respondent who constituted a lease on Lot No. 38 in favor of Jess Santos in violation of their rights as agrarian reform beneficiaries.[30]

To this, respondent counters that he, as the son of Miguel, Sr., has validly exercised the right of retention over Lot No. 38. He is banking on the July 27, 1986 Order in MARCO Adm. Case No. III-1474 which had already affirmed his retention right to the mass of property that included Lot No. 38.[31] He asserts the validity of the 1980 *Kasunduan* and the resulting relinquishment of rights made by petitioners thereunder, as these were supposedly executed in accordance with Sections 8 and 28 of R.A. No. 3844. Lastly, he attributes to petitioners a violation of Section 36, in relation to Section 27, of R.A. No. 3844 and a breach of the leasehold contract covering all three lots when portions of the property were subleased by respondents to Jess Santos and Daniel Toribio.[32]

The Court gave due course to the petition, and on the submission of the parties' memoranda, the case was deemed submitted for decision.

To begin with, it is conceded that Lot Nos. 37, 38 and 39 have all come under the land redistribution system of R.A. No. 3844[33] and the government's *Operation Land Transfer* under P.D. No. 27.[34] It is likewise conceded, as the parties themselves do, that a certificate of land transfer has previously been issued in favor of petitioners. However, petitioners' ejectment from the landholding is sought on account of the alleged relinquishment of tenurial rights which they had executed in accordance with the provisions of Sections 27 and 36 of R.A. No. 3844. Petitioners argue that the agreement was not intended to effect a termination of their tenurial rights on Lot No. 38. In this regard, respondent submits as proof the 1980

Kasunduan which, for easy reference, is materially reproduced as follows:

> x x x Na ang Maylupa na si Miguel Tanjangco, Jr. ang siyang tunay at ganap na may-ari ng isang lupang sakahan o palayan na may laki at sukat na humigit-kumulang sa apat na hektarya na matatagpuan sa San Jose at Sta. Monica, Hagonoy, Bulacan;
>
> Na ang naturang lupang palayan ay binubuwisan ng 40 kaban sa kasalukuyan ng mag-inang Emilia Micking at Benjamin Coronel na nagsasaka rito;
>
> Na iminungkahi noong mga nakaraang araw ng Namumuwisan sa Maylupa na ang bahaging binubuwisang palayan na saklaw at napapailalim sa Transfer Certificate of Title No. T-177647 ng Tanggapan ng Kasulatan ng Lupa para sa Lalawigan ng Bulacan, na mapagkikilala Bilang 10 na natatala sa titulo at may parisukat at kalakhan na 18,844 metrong parisukat at ito ang Lote Blg. 38, plano Psu-64699, SWO-14929, ay gawing palaisdaan sa dahilang ayaw nang mag-ani rito ng palay sapagkat inaabot at nadaramay sa alat na tubig ng karatig na palaisdaan, at ang mungkahing ito ay tinanggap at sinang-ayunan ng Maylupa sa kasunduang sumusunod;
>
> Na alang-alang sa halagang P6,000.00, perang Pilipino, na tinanggap ng Namumuwisan bilang kabayaran sa anumang kalalabasan ng pagbabago ng kaurian ng lupang palayan (Blg. Lote 38, TCT T-177647) ay pumapayag ang Namumuwisan at ipinauubaya sa Maylupa na gawing palaisdaan ang naturang bahaging lupang hindi na pinag-aanihan; x x x [35]

Indeed, petitioners are not mistaken. A mere fleeting glance at the 1980 *Kasunduan* suggests not a hint that petitioners, for a monetary consideration, agreed to relinquish their rights as agricultural lessees and thereby surrender possession of the land to respondent. In this connection, we take notice that the Court of Appeals, applying Sections 8 and 28 of R.A. No. 3844 on voluntary surrender of landholding, as well as Section 6 of R.A. No. 6657,[36] has been misguided when it ruled that petitioners became leaseholders on account of the MAR's Order affirming respondent's retention rights over Lot No. 38 but that said status terminated with the execution of the 1980 *Kasunduan.* This, because while the petition for retention was filed in 1976, it was only in 1986 that respondent's retention rights were upheld by the MAR six years since the execution of the *Kasunduan* in 1980. Be that as it may,

What comes clear from the foregoing is that respondent and petitioners merely agreed, as the latter had previously suggested to the former, to operate fishing ponds on Lot No. 38 and instead of cultivating rice, conduct fish farming thereon. Contrary to respondent's own interpretation, as well as to the Court of Appeals' assessment of the agreement, the consideration of P6,000.00 was never meant to operate as compensation to petitioners for abandoning their rights to the property. At best, the unmistakable import of the consideration in the *Kasunduan* is merely to indemnify petitioners for the consequences of the conversion of the farm lot from