

THIRD DIVISION

[G.R. No. 143673, August 10, 2001]

**SPS. CONRADO TUAZON AND AMORFINA REYES TUAZON,
PETITIONERS, VS. HON. ERNESTO GARILAO, SECRETARY OF THE
DEPT. OF AGRARIAN REFORM, AND EMERENCIANA SAMBAT,
RESPONDENTS.**

DECISION

GONZAGA-REYES, J.:

This is a petition for review on certiorari under Rule 45 of the Rules of Court seeking the reversal of the June 9, 2000 Decision^[1] of the Court of Appeals^[2] in CA-G.R. SP No. 44756 which affirmed the Order^[3] dated February 28, 1997 of the Secretary of the Department of Agrarian Reform (DAR) in DARAB Case No. 4042.

The instant petition involves a parcel of agricultural land containing an area of 3.5 hectares, more or less, originally identified as Lot No. 225 Certeza Survey, Dinalupihan Estate (now lot numbers 1622, 1623 and 1636, Psd-78000) under the administration of the then Land Tenure Administration (LTA) and subsequently transferred to the DAR. Paredes Reyes,^[4] predecessor-in-interest of herein petitioners Conrado and Amorfinia Reyes Tuazon, had been in possession and cultivation of the subject parcel of land since 1947 until sometime in February 1959, when he met a vehicular accident which rendered him physically incapacitated to personally cultivate the subject land. He allowed a certain Ando to continue tilling the soil under a sharing arrangement. In the same year, Ando sold his possessory rights over the subject land to Pablo Sambat. Upon the latter's death, he was succeeded by his son, Salvador Sambat.

Paredes Reyes applied to purchase the subject land; hence, on March 11, 1960, Agreement to Sell No. 4511 was executed between him and the LTA (represented by its Chairman-Administrator). On August 16, 1971, Paredes Reyes wrote a letter to Salvador Sambat, demanding that the latter surrender cultivation of the subject land to him, but Salvador Sambat refused to comply. On December 27, 1971, Paredes Reyes paid in full the purchase price of the subject land in the amount of P38,150.00 as evidenced by Official Receipt No. 1368404 issued by the DAR in Dinalupihan, Bataan.

Upon Salvador Sambat's death in 1980, he was succeeded by herein private respondent Emerenciana Sambat in the cultivation of the subject land. Subsequently, on August 4, 1980, an Agricultural Leasehold Contract was executed between Paredes Reyes as lessor and Emerenciana Sambat as lessee over the subject land which was registered with the Municipal Assessor of Dinalupihan, Bataan. The consideration for the lease contract was sixty (60) cavans of palay annually. Emerenciana Sambat religiously paid rentals to Paredes Reyes and upon the latter's death in 1983, continued to pay the leasehold rentals to Amorfinia Reyes

Tuazon, recognizing her as the successor-in-interest and heir of the late Paredes Reyes. In 1990, Emerenciana abruptly stopped paying rentals and filed an application to purchase the same land before the DAR.

Petitioners filed a case before the Provincial Adjudicator of Bataan for collection of back rentals docketed as DARAB Case No. 202-BT'95. The Provincial Adjudicator dismissed the complaint for lack of jurisdiction. Petitioners appealed to the Department of Agrarian Reform Adjudication Board (DARAB). On May 20, 1996, the DARAB rendered its decision reversing the order of dismissal and ordering the Sambats, among others, "to pay the agreed rental of sixty (60) cavans of palay at forty six (46) kilos per cavan totaling to three hundred and eight (308) cavans covering the 1990 deficiency which are equivalent to eight (8) cavans and the period commencing from 1991 to 1995 totaling three hundred (300) cavans; and ordering the parties to resume their previous tenancy relationship until final determination by the Office of the Secretary of the Department of Agrarian Reform as to their query on who among them have better right to the subject landholding, till then, the tenant-Defendant-Appellee in this case shall remit the agreed rental of sixty (60) cavans of palay at forty six (46) kilos per cavan for the succeeding cropping year xxx." The motion for reconsideration having been denied in a resolution dated April 8, 1996, Emerenciana Sambat elevated the same to the Court of Appeals, which in a decision dated January 17, 1997, affirmed the DARAB.

Meanwhile, Emerenciana's application to purchase the same lot gave rise to the conflict of claims between her and petitioners Amorfinia and Conrado Tuazon. On June 29, 1995, DAR Regional Director Eugenio B. Bernardo, issued an Order,^[5] resolving the conflict of claims, as follows:

1. GIVING PREFERENTIAL RIGHT to Emerenciana Sambat to purchase Lot Nos. 1622, 1623 and 1636, Psd-78000, with an area of 3.5 hectares, more or less, located at San Benito, Dinalupihan, Bataan, pursuant to Administrative Order No. 3, Series of 1990;
2. ORDERING the personnel concerned to process the pertinent documents and issue CLOA in favor of Emerenciana Sambat for she is the most qualified to purchase the same after a final survey has been conducted;
3. ORDERING the cancellation of Agreement to Sell No. 4511 dated March 11, 1960 executed between Paredes and the Land Tenure Authority;
4. DENYING the claim of the heirs of Paredes Reyes, represented by Amorfinia R. Tuazon, for utter lack of merit.

SO ORDERED."

The motion for reconsideration filed by the Tuazon spouses was treated as an appeal by DAR Secretary Ernesto D. Garilao, who in an Order^[6] dated February 28, 1997, affirmed with modification the above order issued by Regional Director Bernardo, as

follows:

"x x x the applicant Emerenciana Sambat shall be entitled to purchase only an area of THREE (3) HECTARES of Lot 225, Block Dimson Area, Certeza Plan located at Dinalupihan, Bataan, pursuant to Section 25 of R.A. 6657. The excess of .8150 ha. shall be awarded to any other qualified beneficiary."

The Court of Appeals affirmed the decision of DAR Secretary Ernesto D. Garilao.

Hence, the instant petition on grounds that are summarized as follows: (1) whether the cancellation of the agreement to sell of 1960 was proper and legal; (2) whether Paredes Reyes violated the rules and regulations of the LTA causing his disqualification from acquiring the land; (3) whether the award of the subject land to Sambat is proper and legal in light of the final and executory judgment by the DARAB that Sambat intentionally refused to pay leasehold rentals to herein petitioners; and (4) whether the judgment of the Court of Appeals was based on substantial evidence. In fine, with the factual antecedents unquestioned, this Court is faced with the question of resolving conflicting claims as to who, between the petitioners, as successors-in-interest of Paredes Reyes, the agricultural lessor, and private respondent Emerenciana Sambat, as the agricultural lessee, is entitled to acquire the subject land.

The petition is impressed with merit.

The reasons cited by the DAR in deciding the matter adversely to petitioners was wholly adopted by the Court of Appeals and quoted in the appealed decision thus:

"A careful and profound perusal of the records of the case shows that Paredes Reyes as a PROMISEE has indeed paid in full the purchase price of the subject lots as evidenced by Official Receipt No. 1368404 dated December 27, 1971 issued by the Department of Agrarian Reform Office in Dinalupihan, Bataan. This being the case, it is worthy to cite the terms and conditions surrounding the said Agreement to Sell, specifically No. 10 thereof which states that "10. Upon the full payment of the purchase price as herein above stipulated including all interests thereon and the performance by the PROMISEE of all the conditions herein required, the Administration shall execute a Deed of Sale conveying the property subject of this Agreement to the PROMISEE."

From the tenor of the above-cited terms and conditions, the ownership is reserved in the vendor, which in this case is the LTA as the PROMISOR and is not to pass until the full payment of the price, such payment being a positive suspensive condition and failure of which is not a breach but an event that prevents the obligation of the vendor to convey title from becoming effective.

In this particular case, since the PROMISEE fulfilled such condition as clearly shown by the full payment of the purchase price of the subject lots, then ownership thereon should be conferred upon him. In spite of

the full payment however, no corresponding Deed of Sale was ever executed in favor of the PROMISEE until now which is quite unbelievable considering the fact that full payment has already been complied with. The non-issuance of a corresponding Deed of Sale led this Office to the issue on whether or not Paredes Reyes has violated the terms and conditions of the said Agreement. And among those conditions stipulated in said agreement is the one that is contained under No. 12 which provides that:

“12. The PROMISEE shall personally occupy and/or cultivate the parcel/s of land subject thereof.”

Before hammering on the issue, it is but appropriate to state that it is an undisputed fact that since 1947 Paredes Reyes was in cultivation of the subject lots (as supported by the report dated June 29, 1992 of Atty. Lasam) until sometime in February 1959, when Paredes Reyes met a vehicular accident causing his physical incapacity and likewise depriving him to work and perform farming activities thus, allowing a certain Ando to continue the tillage over the subject landholding under a system of sharing arrangement. Prior to the issuance of the Agreement to Sell on March 11, 1960, he was no longer in actual cultivation of the subject lots by reason of his physical incapacity and likewise depriving him to work and perform farming activities thus, allowing a certain Ando to continue the tillage over the subject landholding under a system of sharing arrangement. Prior to the issuance of the Agreement to Sell on March 11, 1960, he was no longer in actual cultivation of the subject lots by reason of his physical incapacity as evidenced by Medical Certificate dated July 29, 1992.

Despite of such incapacity, the said Agreement to Sell was issued in his favor as a PROMISEE to the extent that he even made a full payment of the purchase price of the subject lot on December 12, 1971. On this occasion, it is worth to cite the provisions of Section 21 of the Land Tenure Administration, Administrative Order No. 2, subject of which is the RULES AND REGULATIONS GOVERNING THE ACQUISITION AND DISPOSITION OF PRIVATE AGRICULTURAL LANDS where it provides that:

“Section 21. Transfer or Encumbrance of Rights

x x x x x

x x x x x

x x x x x

x x x x x

x x x x x

x x x . Any transfer, assignment, alienation or encumbrance