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Republic of the Philippines
Supreme Court
Baguio City

SECOND DIVISION

HEIRS OF EXEQUIEL HAGORILES, NAMELY, PACITA P. HAGORILES, CONSEJO H. SABIDONG, CESAR HAGORILES, REYNALDO HAGORILES, ANITA H. GERONGANI, LOURDES H. CAPISTRANO, ANA LINA H. BOLUSO, and SUZETTE H. PEÑAFLORIDA, all represented by ANA LINA H. BOLUSO,
Petitioners,

- versus -

ROMEO HERNAEZ, MILAGROS VILLANUEVA, CRISANTO CANJA, NENA BAYOG, VENANCIO SEMILON, GAUDENCIO VILLANUEVA, VIRGINIA DAGOHOY, VIRGILIO CANJA, FELIX CASTILLO and TEOFILO HERNAEZ, GAUDENCIO ARNAEZ, BENJAMIN COSTOY, ERMIN VILLANUEVA, MARCELINO AMAR, and COURT OF APPEALS,
Respondents.

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G.R. No. 199628

Present:

CARPIO, *Chairperson*,
BRION,
DEL CASTILLO,
MENDOZA, and
LEONEN, *JJ.*

Promulgated:

20 APR 2016

DECISION

BRION, *J.*:

Before us is a petition for review on *certiorari*[1] assailing the July 30, 2010 decision[2] and the November 25, 2011 resolution[3] of the Court of Appeals (*CA*), Cebu City in CA-G.R. SP No. 85600. The CA affirmed with

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1 Filed under Rule 45 of the Rules of Court.

2 Penned by Associate Justice Pampio A. Abarintos, with Associate Justices Ramon A. Cruz and Myra V. Garcia-Fernandez, concurring; *rollo*, pp. 20-34.

3 *Id.* at 36-37.

modification the decision of the Department of Agrarian Reform Adjudication Board (*DARAB*) in DARAB Case No. 6561, and declared the respondents, who were found bona fide tenants of their respective landholdings, to be entitled to the continuous peaceful possession of their home lots.

Facts of the Case

The present petition stemmed from a Complaint[4] to Maintain Status Quo (which was later amended) filed by respondents Romeo Hernaez, Felix Castillo, Gaudencio Arnaez, Teofilo Hernaez, Benjamin Costoy, Virgilio Canja, Nena Bayog, Venancio Semilon, Gaudencio Villanueva, Ermin Villanueva, Marcelino Amar, Milagros Villanueva, Virginia Dagohoy and Crisanto Canja, with the Provincial Agrarian Reform Adjudicator (*PARAD*), Negros Occidental, on March 8, 1996.

The complainants (the present respondents) claimed that, as far back as 1967, they have been tenant-tillers and actual occupants of parcels of land located at Binalbagan and Himamaylan, Negros Occidental. The lands, which were administered by Milagros Ramos, belonged to different owners. Most of the lands were owned by Timoteo Ramos. Among the respondents, Timoteo's tenants are Milagros Villanueva, Teofilo Hernaez, Crisanto Canja, Nena Bayog, Virginia Dagohoy, Venancio Semilon, Gaudencio Villanueva, and Marcelino Amar.

Apart from their respective areas of tillage,[5] the respondents claimed to be in possession of individual home lots[6] situated on separate parcels of

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4 Docketed as DARAB Case No. R-0605-0038-96.

5 *Id.* at 82-83. Quoted from the DARAB decision, "[t]he respective areas of tillage with the corresponding rental payments are as follows:

Name	Area Location	Year Tenure was Established	Landowner	Lease Rentals
1. Milagros Villanueva	60 ares Brgy. Payao, Binalbagan, Neg. Occidental	1967	Timoteo Ramos	8 cavans/ cropping
2. Romeo Hernaez	1.30 has., Brgy. Payao, Binalbagan, Neg. Occidental	1966	Rafael Ramos	70 cavans/ cropping
3. Gaudencio Arnaez	2.50 has. Sitio Suwangan, Brgy. Libacao, Himamaylan, Neg. Occidental	1976	Vicente Ferrero	10% of the produce
4. Teofilo Hernaez	2.50 has. Sitio Suwangan, Brgy. Libacao, Himamaylan, Neg. Occidental	1972	Timoteo Ramos	10% of the produce
5. Crisanto Canja	88 ares Brgy. Payao, Binalbagan, Neg. Occidental	1956	Timoteo Ramos	14 cavans/ cropping
6. Benjamin Costoy	1.40 has. Sitio Suwangan, Brgy. Libacao, Himamaylan, Neg. Occidental	1986	Marietta Anteror Cruz	15% of the produce

land in Brgy. Libacao, Binalbagan, Negros Occidental, designated as Lot No. 2047. Title to Lot No. 2047 was originally registered under the name of Engracia Ramos, the spouse of landholder Timoteo Ramos.

In 1990, the late Exequiel Hagoriles bought a portion of Lot No. 2047 from Amparo Ramos-Taleon, daughter of Timoteo Ramos.

In 1993, Exequiel successfully caused the ejectment of respondent Marcelino Amar from his home lot. This prompted the other respondents to file with the PARAD a complaint against Exequiel and Amparo to refrain from disturbing them in their peaceful possession of their home lots.

In their answers to the complaint, Exequiel and Amparo denied the existence of tenancy relations between themselves and the respondents.

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7. Virgilio Canja	1.25 has. Brgy. Payao, Binalbagan, Neg. Occidental	1981	Luciano Tupaz	10% of the produce
8. Nena Bayog	1.0 ha. Sitio Suwangan, Brgy. Libacao, Himamaylan, Neg. Occidental	1966	Timoteo Ramos	15 cavans/ cropping
9. Virginia Dagohoy	1.0 ha. Brgy. Payao, Binalbagan, Neg. Occidental	1976	Timoteo Ramos	15 cavans/ cropping
10. Venancio Semilon	40 ares. Brgy. Payao, Binalbagan, Neg. Occidental	1976	Timoteo Ramos	7 cavans/ cropping
11. Estelita Bayog	1.0 ha. Sitio Suwangan, Brgy. Libacao, Himamaylan, Neg. Occidental	1981	Timoteo Ramos	10% of the produce
12. Gaudencio Villanueva	1.0 ha. Sitio Suwangan, Brgy. Libacao, Himamaylan, Neg. Occidental	1984	Timoteo Ramos	15 cavans/ cropping
13. Marcelino Amar	1.30 has (1.0 has. in CA decision; *rollo,* p.22)	1972	Timoteo Ramos	15 cavans/ cropping

[6] *Id.* at 22-23. Quoted from the CA decision, "[t]he names of the occupants in the subject landholding are as follows:

Name	Area of Home Lots
1. Milagros Villanueva	270 sq.m.
2. Romeo Hernaez	270 sq.m.
3. Felix Castillo	342 sq.m.
4. Gaudencio Arnaez	196 sq.m.
5. Teofilo Hernaez	84 sq.m.
6. Crisanto Canja	190 sq.m.
7. Benjamin Costoy	110 sq.m.
8. Virgilio Canja	110 sq.m.
9. Nena Bayog	170 sq.m.
10. Virginia Hagonoy	94 sq.m.
11. Venancio Semilon	110 sq.m.
12. Estelita Bayog	137.75 sq.m.
13. Gaudencio Villanueva	88 sq.m.
14. Ermin Villanueva	10 sq.m.
15. Marcelino Amar	500 sq.m.

Thus, they contended that since the respondents are not tenants, they were not entitled to home lots.

In a decision[7] dated May 19, 1997, the PARAD partly dismissed the respondents' complaint for lack of evidence to support the existence of tenancy - specifically on the element of sharing of harvests. *However*, the PARAD did not dismiss the complaint with respect to respondents Milagros Villanueva (who pursued the case in behalf of her husband Ernesto Villanueva), Virginia Dagohoy and Crisanto Canja who were found to be lawful tenants of their respective landholdings based on the emancipation patents (*EPs*) already issued to Ernesto Villanueva and Virginia Dagohoy and receipts issued by Milagros Ramos for payments of lease rentals made by Crisanto Canja. The PARAD held that, as bona fide tenants of their landholdings, respondents Villanueva, Dagohoy and Canja were entitled to the continuous peaceful possession of their home lots.

Exequiel filed a partial appeal of the PARAD's decision ordering him not to disturb the possession of respondents Villanueva, Dagohoy and Canja of their home lots. The aggrieved respondents, likewise, appealed the case to the DARAB.

In its decision[8] dated November 7, 2003, the DARAB affirmed the PARAD's ruling with respect to respondents Villanueva, Dagohoy and Canja, but reversed the PARAD's ruling as to respondents Romeo Hernaez, Felix Castillo, Gaudencio Arnaez, Teofilo Arnaez, Benjamin Costoy, Virgilio Canja, Nena Bayog, Venancio Semilon, Gaudencio Villanueva, Erwin Villanueva, and Marcelino Amar.

Significantly, **the DARAB declared all the respondents to be bona fide tenants of their respective landholdings**. It discovered that EPs were soon to be issued to the rest of the respondents, which meant that these respondents had already been properly identified as tenant-beneficiaries under the Comprehensive Agrarian Reform Program (*CARP*). Also, it found that said respondents had not been remiss in their obligations to deliver lease rentals, which fact was evidenced by receipts from the respondents' landowners. The DARAB, however, refused to rule on whether the respondents were entitled to the possession of their home lots. It considered the issue as a proper subject of an agrarian law implementation case over which the DARAB has no jurisdiction.

Exequiel and Amparo moved for the reconsideration of the DARAB ruling but the latter denied their motion in a resolution dated July 27, 2004.[9] Exequiel, now substituted by his heirs (the present *petitioners*), appealed to the CA.

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7 *Rollo*, pp. 75-78.
8 *Id.* at 81-89.
9 *Id.* at 27.

The petitioners insisted before the CA that respondents were not agricultural lessees or tenants. And even if the respondents were tenants, the petitioners claimed not to be bound by any tenancy agreement because Exequiel, their predecessor-in-interest, was an innocent purchaser in good faith. The petitioners further claimed that, at the time Exequiel bought a portion of Lot No. 2047 from Amparo, it was annotated on the lot's title that the land was not tenanted.

In its assailed decision,[10] the CA did not accord merit to the petitioners' arguments. It held that the petitioners, as transferees of Lot No. 2047, were bound by the tenancy relations between the respondents and the lot's previous owners (referring to the spouses Engracia and Timoteo Ramos), thus, they should maintain the respondents' peaceful possession of their home lots.

The CA agreed with the DARAB in finding the respondents to be bona fide tenants of their respective landholdings, but disagreed with the DARAB's "restrictive interpretation" of the latter's jurisdiction to decide on the issue of whether the respondents were entitled to remain in their home lots. The CA ruled that since a home lot is incidental to a tenant's rights, the determination of the respondents' rights to their respective home lots is a proper agrarian dispute over which the DARAB has jurisdiction. Thus, the CA affirmed the DARAB's decision in favor of the respondents, with modification that the same respondents were, likewise, entitled to the continuous, peaceful possession of their respective home lots.

Upon the denial of their motion for reconsideration before the CA, the petitioners filed the present petition for review on *certiorari* with this Court.

The Petition

The petitioners argue that the CA erred in awarding home lots to the respondents and in ordering them to maintain the respondents' peaceful possession of these home lots; that the CA was in no position to determine whether the respondents were entitled to their home lots as this determination requires processes that the Department of Agrarian Reform (*DAR*) must first undertake as the agency with the technical expertise to perform. For this reason, they contend that the DARAB instead of ruling on the issue, advised the parties to submit the matter to the DAR Secretary for proper resolution.

The petitioners maintain that the respondents are not their tenants, thus, they are not obligated to provide the latter with home lots. They posit that the respondents' houses should be transferred to the farmlands they are actually cultivating or to other lands owned by their respective landlords.

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10 *Supra* note 2.

And should the respondents opt to retain their houses on petitioners' land, then they must pay the petitioners reasonable rent.

Notably, the petitioners point out that in 2004, the parties entered into a Compromise Agreement that could have put an end to the present case if not for the failure of the respondents' counsel to affix her signature to the document. Under the Compromise Agreement, the petitioners offered to sell and the respondents agreed to buy in instalments, portions of Lot No. 2047 that corresponded to the respondents' respective home lots. This agreement, however, was not submitted for the court's approval due to the absence of respondents' counsel's signature.

The petitioners state that they attached a copy of the Compromise Agreement in their motion for reconsideration before the CA, but the latter did not consider their submission in resolving their motion.

Our Ruling

We find MERIT in the present petition.

The obligation to provide home lots to agricultural lessees or tenants rests upon the landholder. Section 26(a) of R.A. No. 1199 or the "Agricultural Tenancy Act of the Philippines," as amended by R.A. No. 2263,[11] provides:

> Sec. 26. Obligations of the Landholder:
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> (a) The landholder shall furnish the tenant with a home lot as provided in section 22 (3): *Provided*, That should the landholder designate another site for such home lot than that already occupied by the tenant, the former shall bear the expenses of transferring the existing house and improvements from the home lot already occupied by the tenant to the site newly designated by the former: *Provided, further*, That if the tenant disagrees to the transfer of the home lot, the matter shall be submitted to the court for determination."

Under Section 22(3) of RA No. 1199, as amended, a tenant is entitled to a home lot suitable for dwelling with an area of not more than three percent (3%) of the area of his landholding, provided that it does not exceed one thousand square meters (1,000 sq.m.). It shall be located at a convenient and suitable place **within the land of the landholder** to be designated by the latter where the tenant shall construct his dwelling and may raise vegetables, poultry, pigs and other animals and engage in minor industries,

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[11] Entitled AN ACT AMENDING CERTAIN SECTIONS OF REPUBLIC ACT NUMBERED ONE THOUSAND ONE HUNDRED NINETY-NINE, OTHERWISE KNOWN AS THE AGRICULTURAL TENANCY ACT OF THE PHILIPPINES, effective June 19, 1959.

the products of which shall accrue to the tenant exclusively.[12] The agricultural lessee shall have the right to continue in the exclusive possession and enjoyment of any home lot he may have occupied, upon the effectivity of R.A. No. 3844,[13] which shall be considered as included in the leasehold.[14]

In this case, the subject home lots were designated on a parcel of land separate from the farmlands cultivated by the respondents. Title to such parcel of land, *i.e.*, Lot No. 2047, was originally registered under the name of Engracia Ramos, the wife of Timoteo.[15] Lot No. 2047 was not Timoteo's property.

The property relations of spouses Timoteo and Engracia Ramos were governed by the old Civil Code[16] that prescribed the system of relative community or conjugal partnership of gains. By means of the conjugal partnership of gains the husband and wife place in a common fund the fruits of their separate property and the income from their work or industry, and divide equally, upon the dissolution of the marriage or of the partnership, the net gains or benefits obtained indiscriminately by either spouse during the marriage.[17] Under Article 148 of the old Civil Code, the spouses retain exclusive ownership of property they brought to the marriage as his or her own; they acquired, during the marriage, by lucrative title; they acquired by right of redemption or by exchange with other property belonging to only one of the spouses; and property they purchased with the exclusive money of the wife or the husband.[18]

Considering that Lot No. 2047 was originally registered under Engracia's name, it is presumed that said lot is paraphernal, not conjugal, property. Paraphernal property is property brought by the wife to the marriage, as well as all property she acquires during the marriage in accordance with Article 148 (old Civil Code).[19] The wife retains ownership of paraphernal property.[20]

Significantly, in 1976, Lot No. 2047 became subject of estate settlement proceedings and was partitioned and distributed to Engracia's heirs, namely: Timoteo Sr., Timoteo Jr., Milagros, Ubaldo, Andrea and Amparo, all surnamed Ramos.[21] Entries of the approved project of partition

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12 Section 22(3) of Republic Act No. 1199, as amended by Republic Act No. 2263.

13 Entitled AN ACT TO ORDAIN THE AGRICULTURAL LAND REFORM CODE AND TO INSTITUTE LAND REFORMS IN THE PHILIPPINES, INCLUDING THE ABOLITION OF TENANCY AND THE CHANNELING OF CAPITAL INTO INDUSTRY, PROVIDE FOR THE NECESSARY IMPLEMENTING AGENCIES, APPROPRIATE FUNDS THEREFOR AND FOR OTHER PURPOSES, effective August 8, 1963.

14 *Id.*, Section 24.

15 *Rollo,* p. 28.

16 Republic Act No. 386, entitled AN ACT TO ORDAIN AND INSTITUTE THE CIVIL CODE OF THE PHILIPPINES, approved June 18, 1949.

17 *Id.*, Article 142.

18 *Id.*, Article 148.

19 *Id.*, Article 135.

20 *Id.*, Article 136.

21 *Rollo,* p. 28

and declaration of heirship were annotated at the back of the lot's title.[22] Timoteo (Sr.)'s exact share of the lot, however, was not identified in the records.

In 1993, Amparo Ramos-Taleon, Timoteo's daughter, sold a portion of Lot No. 2047 (her share of the lot) to Ezequiel Hagoriles.

Since Timoteo Sr. merely owns a portion of Lot No. 2047, it was error for the CA to subject the whole of Lot No. 2047 for the use of the respondents' home lots. Only Timoteo Sr., being the named landowner of most of the respondents' landholdings, has the obligation to provide home lots to his tenants. There is no obligation from the other co-owners of Lot No. 2047, including the petitioners who were transferees of Amparo's share of the lot, to provide home lots to the respondents.

Given the limited information in the records, we cannot definitely rule on the rights of all the respondents to their home lots. There is need to delineate the portion of Lot No. 2047 belonging to Timoteo Sr., if there is still any, and determine whether the respondents' home lots fall within Timoteo's share of the lot. **Only those respondents who are Timoteo's tenants** (namely: Milagros Villanueva, Teofilo Hernaez, Crisanto Canja, Nena Bayog, Virginia Dagohoy, Venancio Semilon, Gaudencio Villanueva, and Marcelino Amar[23]) **and whose home lots are located within Timoteo's portion of Lot No. 2047 can be guaranteed to the peaceful possession of their home lots**.

For the other respondents who are not tenants of Timoteo, and those who are Timoteo's tenants but whose home lots do not fall within Timoteo's share of Lot No. 2047, their continuous possession of their home lots cannot be guaranteed. We reiterate that it is the landholder who, among the co-owners of Lot No. 2047 is Timoteo, Sr., is obligated by law to provide his tenants home lots within his land. **The petitioners are not transferees of Timoteo Sr. but are transferees of Amparo who is not a landholder of the respondents; thus, the petitioners may not be compelled to maintain the home lots located within their acquired portion of Lot No. 2047.**

At best, the issue on the respondents' entitlement to their home lots should be referred to the DARAB for proper determination. The CA was correct in holding that jurisdiction over this matter is with the DARAB, not with the Office of the DAR Secretary, because it involves an agrarian dispute. Jurisdiction over agrarian disputes lies with the DARAB.

An agrarian dispute refers to any controversy relating to tenurial arrangements, whether leasehold, tenancy, stewardship, or otherwise, over lands devoted to agriculture, including disputes concerning farmworkers associations or representation of persons in negotiating, fixing, maintaining,

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22 *Id.*

23 *Supra* note 5.

changing, or seeking to arrange terms or conditions of such tenurial arrangements.[24] Undeniably, the present case involves a controversy regarding tenurial arrangements. The right to a home lot is a matter arising from a landlord-tenant relationship.

In the event that the respondents are found not to be entitled to possess their present home lots, they can demand from their landholders to designate another location as their home lot. The landholder's obligation to provide home lots to his tenants continues for so long as the tenancy relations exist and has not yet been severed.

With respect to the parties' alleged Compromise Agreement, we rule that this "agreement" has no effect to the resolution of the present case.

Parties to a suit may enter into a compromise agreement to avoid litigation or put an end to one already commenced.[25] A compromise agreement intended to resolve a matter already under litigation is a judicial compromise, which has the force and effect of a judgment of the court. **However, no execution of the compromise agreement may be issued unless the agreement receives the approval of the court where the litigation is pending and compliance with the terms of the agreement is decreed**.[26]

In this case, the petitioners admitted that their compromise agreement was not submitted for court approval for failure of the respondents' counsel to sign the agreement. The parties, however, are not prevented from pursuing their compromise agreement or entering into another agreement regarding the subject matter of this case provided that their stipulations are not contrary to law, morals, good custom, public order, or public policy.[27]

We conclude that the CA erred in ordering the petitioners to maintain the peaceful possession of all of the respondents to their home lots. The petitioners' predecessor-in-interest in (a portion of) Lot No. 2047 was not a landholder of the respondents, thus, they cannot be compelled to maintain the home lots located within their portion of Lot No. 2047. The obligation to provide home lots to the respondents rests upon their respective landholders, not with the petitioners.

WHEREFORE, we hereby **GRANT** the present petition for review on *certiorari* and **REVERSE** and **SET ASIDE** the decision dated July 30, 2010 and resolution dated November 25, 2011 of the Court of Appeals, Cebu City in CA-G.R. SP No. 85600.

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24 Section 3(d) of Republic Act No. 6657 otherwise known as the COMPREHENSIVE AGRARIAN REFORM LAW OF 1988.

25 Article 2028, CIVIL CODE OF THE PHILIPPINES, as amended.

26 *Viesca v. Gilinsky*, G.R. No. 171698, July 4, 2007, 526 SCRA 533.

27 Article 1306, CIVIL CODE OF THE PHILIPPINES, as amended.

Accordingly, we refer the case to the Department of Agrarian Reform Adjudication Board to resolve with dispatch the respondents' rights, if any, to their respective home lots.

SO ORDERED.

ARTURO D. BRION
Associate Justice

WE CONCUR:

ANTONIO T. CARPIO
Associate Justice
Chairperson

MARIANO C. DEL CASTILLO
Associate Justice

JOSE CATRAL MENDOZA
Associate Justice

MARVIC M.V.F. LEONEN
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ANTONIO T. CARPIO
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

MARIA LOURDES P. A. SERENO
Chief Justice