Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

HEIRS OF PACIFICO GONZALES, represented by ROGER BANZUELA,
Petitioners,

- versus -

JUANITO DE LEON, JOSE CARAAN, SOLEDAD CARAAN, RESTITUTO CARAAN, GABRIEL REDONDO, CARLOS OPENA, PALERMO GARGAR, SOFRONIO CRUZAT, JUANITO OPENA SAVINO CARCUM, JAIME MANIMTIM, MAXIMO MENDOZA, DOMINGO OPENA, JR., BENJAMIN TALA-TALA, GULLERMA ROSIA MENARA, NICANOR MATIENZO, SAVINO CARAAN, CELSO ROSITA, BEATRIZ MENDOZA, APOLINARIO BOBADILLA, DANIEL DE GUZMAN, NELIA ANDEZ, REY CLEOFE, FELINO ROSITA, VALERIANO ONTE, JUANITO OPENA, FLORENTINO SALAZAR, NICANOR SALAZAR, REYNALDO ONTE, JOCELYN DE LEON, EDGARDO CRUZ, LIGAYA CARAAN, JUAN AMANTE, LOLITA ENRIQUEZ, MERLINDA ROSITA, VICTORIANO ROSITA, MARILYN ROSITA, AURILLO CARLUM, DOMINGO MENDOZA and CASAMIRA, MENDOZA,
Respondents.

G.R. No. 210428

Present:

VELASCO, JR., *J.*
Chairperson,
PERALTA,
PEREZ,
REYES, and
JARDELEZA, *JJ.*

Promulgated:

December 7, 2016

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DECISION

PEREZ, *J.:*

Petitioners Heirs of Pacifico Gonzales seek a review of the Decision[1] dated 26 July 2013 of the Court of Appeals (CA) in CA-G.R. SP No. 123466, which affirmed the Decision[2] dated 2 December 2011 of the Office of the President (OP) that the subject property is within the ambit of the Comprehensive Agrarian Reform Program (CARP) of the government.

Antecedents

Subject of the controversy is a parcel of land located at Sitio Guinting, Brgy. Casile, Cabuyao, Laguna covered by four (4) separate Transfer Certificates of Title (TCT) Nos. T-68211, T-28288, T-434931 and T-68212 of the Registry of Deeds of Calamba, Laguna with a total combined area of 49.8 hectares, registered under the name of Pacifico Gonzales, petitioners' predecessor-in-interest.

It appears that, based on the records provided by the Department of Agrarian Reform (DAR)-Provincial Agrarian Reform Office (PARO), the subject properties have Notices of Coverage under Republic Act (R.A.) No. 6657, otherwise known as the Comprehensive Agrarian Reform Law, dated 13 February 1995 and 18 October 2000, respectively.

On 19 April 2001, the Department of Environmental and Natural Resources (DENR) issued Inspection Report [3] declaring the subject properties exempt from CARP coverage on the following grounds:

1. The land is more than 18% in slope;
2. It is not irrigated;
3. 70% of the land is not cultivated;
4. It is not planted to rice and corn;
5. That other appropriate government agencies had already been consulted, their approval sought and was granted.

Inspecting Officer Errol C. Africano of the DENR-Community Environment and Natural Resources Office (CENRO) in Los Baños, Laguna

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1 *Rollo*, pp. 45-51; Penned by Associate Justice Jose C. Reyes, Jr. with Associate Justices Mario V. Lopez and Samuel H. Gaerlan concurring.

2 Id. at 192-196.

3 Id. at 273.

then later executed a Certification subscribed on 12 January 2012[4] affirming the fact that he officially prepared and submitted the said Inspection Report.

The Municipal Planning and Development Coordinator (MPDC) of Cabuyao, Laguna issued a Certification dated 18 July 2002 classifying the subject properties as a municipal park. This property was earlier zoned as a municipal park based on Municipal Ordinance No. 110-54, Series of 1979, approved by the Housing and Land Use Regulatory Board (HLURB) on 24 June 1980 under Board Resolution No. 38-2, Series of 1980, long before the Notice of Coverage was issued by the DAR on 13 February 1995 and 18 October 2000.

On 30 July 2002, the Municipal Agrarian Reform Office (MARO)-Region IV, through Job A. Candanido, issued a Certification[5] certifying that the properties of the petitioners are not covered by the Operation Land Transfer (OLT) pursuant to Presidential Decree No. 27.

On 24 September 2002, the petitioners filed a complaint for Ejectment against the respondents before the Municipal Trial Court (MTC) of Cabuyao, Laguna docketed as Civil Case No. 940.

Meanwhile, on 13 August 2003, the late Luningning Gonzales filed an Application for Exemption/Clearance[6] pursuant to DAR Administrative No 04, Series of 2003. In support of the application, the petitioners submitted the following documents:

1. Sworn Application for Exemption of Clearance pursuant to DAR Administrative No. 04, Series of 2003;
2. Special Power of Attorney executed by the petitioners appointing Roger Banzuela as their attorney-in-fact to represent them in their Application for Exemption of Clearance with DAR;
3. Certified true copies of the TCTs of the subject landholdings;
4. Copies of Tax Declarations covering the applied properties;
5. MPDC Certification dated July 18, 2002, that the subject properties were zoned as municipal park based on Municipal Ordinance No. 110-54, Series of 1979, approved by the HLURB on June 25, 1980 under Board Resolution No. 38-2, Series of 1980;
6. National Irrigation Administrative (NIA), Region IV Certification dated December 6, 2001, that the subject properties are not irrigable lands and not covered by an irrigation project with funding commitment;

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4 Id. at 274.
5 Id. at 272.
6 Id. at 72-81.

7. MARO Certification issued on July 30, 2002 that the subject property is not covered by Operation Land Transfer pursuant to Presidential Decree No. 27;
8. Affidavit of Undertaking executed on July 8, 2003 by Roger Banzuela relative to the payment of disturbance compensation, posting of billboard and tenancy;
9. Lot plan and vicinity map of the applied properties; and
10. Affidavit of Undertaking dated June 9, 2005 executed by Luningning Gonzales (widow of the late Pacifico Gonzales), which states, among others, that the landowners are willing to pay disturbance compensation in the form of a relocation site for occupants within the applied properties.

On 2 August 2006, the MTC of Cabuyao, Laguna rendered a decision in favor of the late Luningning Gonzales in Civil Case No. 940, thus:

> WHEREFORE, judgment is rendered in favor of plaintiff and against [respondents]. Accordingly, [respondents] and all persons claiming rights under them are ordered:
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> 1. to vacate the subject premises and peacefully surrender possession thereof to plaintiff;
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> 2. to pay plaintiff the amount of P43,000.00 as reasonable monthly rental from September 7, 2002 until they completely vacate the subject premises; [and]
>
> 3. to pay plaintiff the sum of P400,000.00 as attorney's fees and litigation related expenses and the cost of the suit.[7]

The MTC held that the evidence presented by the respondents failed to prove the essential requisites of tenancy relationship between plaintiff and respondents, because: (1) the MPDC classified the subject parcels of land as a municipal park; (2) there is no evidence of (a) plaintiff's consent to the tenancy relationship, and (b) defendants' status as farmers-beneficiaries; (3) the DENR *Inspection Report* and the *Affidavit* of Inspection Officer Errol C. Africano proved that the subject property is outside CARP coverage; and (4) defendants failed to prove (a) actual cultivation of the subject properties, and (b) harvest-sharing with the landowners.

On 11 September 2006, the respondents appealed to the Regional Trial Court (RTC) of Biñan, Laguna, assailing the MTC's assumption of jurisdiction over the complaint, maintaining the existence of a tenancy relationship and their status as *bonafide* tenants and farmer-beneficiaries.

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7 Id. at 250.

On 17 May 2007, the RTC rendered a decision[8] affirming in *toto* the decision of the MTC.

Aggrieved, respondents herein filed a Petiton for Review under Rule 42 with the CA assailing the MTC Decision and the RTC Order. Finding said petition not meritorious, the CA affirmed the 17 May 2007 Decision and 30 October 2008 Order of the RTC in Civil Case No. B-7066.[9]

Respondents went up to this Honorable Court, which denied the petition for failure to sufficiently show any reversible error in the assailed judgment to warrant the exercise of the Court's discretionary appellate jurisdiction.[10]

Rulings of the DAR

In his Order dated 19 September 2006, then DAR OIC-Secretary Nasser C. Pangandaman (OIC-Secretary Pangandaman) acted on the application of the late Luningning Gonzales and ruled as follows:

> The Director of Special Concerns Staffs, Department of Agrarian Reform, in a letter dated 13 April 2005 requested for the early resolution of the instant application and the conduct of an ocular inspection of the applied properties. The said request was based on the letter of the Samahang ng Farmer Beneficiaries ng Sitio Guintang, Casile, Cabuyao, Laguna addressed to the Special Concerns Staffs Office. These farmers are allegedly occupants and tillers of the subject landholdings.
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> On 19 May 2005, the Center for Land Use Policy, Planning and Implementation (CLUPPI) Inspection Team conducted an ocular inspection on the subject properties and found the following:
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> - The applied properties are contiguous, and with dominantly rolling to steep topography and located at the boundary of Cabuyao, Laguna and Tagaytay, Cavite;
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> - The land uses of the landholdings are residential and agricultural with approximately 70 families therein. The agricultural areas are planted with pineapple, coconuts and bananas;
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> - No irrigation system nor irrigable lands is seen within the applied properties and the adjacent or surrounding areas;

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8 Id. at 251-254.
9 Id. at 256-271.
10 Id. at 181.

- Accessible to any type of land transportation and 25 to 30 kilometers away from the town proper of Cabuyao, Laguna; and

- The residential houses are built with lumber materials and others are made up of mixture concrete and lumber materials. There exist an ongoing construction of residential houses in the area by the occupants.

Based on the records provided by the DAR Provincial Agrarian Reform Office the applied properties have Notices of Coverage under Republic Act (R.A.) No. 6657 dated 13 February 1995 and 18 October 2000, respectively.

Department of Justice (DOJ) Opinion No. 44, Series of 1990, which states that lands already re-classified for commercial, industrial or residential use duly approved by the HLURB prior to the effectivity of R.A. No. 6657 on 15 June 1998, no longer need any conversion clearance. A proper interpretation of the said DOJ Opinion includes re-classification for "some other urban purposes."

In this case, the subject landholdings were re-classified as municipal park as certified by the MPDC of Cabuyao, Laguna, ratified by the HLURB prior to the effectivity of R.A. No. 5567 on 15 June 1988. Since a municipal park is a re-classification which falls under the term "some other urban purpose" it necessarily follows that the same is not within the ambit of the Comprehensive Agrarian Reform Program.

WHEREFORE, in the light of the foregoing premises, the instant Application for Exemption Clearance pursuant to DAR Administrative Order No. 4, Series of 2003 based on DOJ Opinion No. 44, Series of 1990 is hereby **APPROVED**, subject to the following conditions:

- Disturbance compensation shall be paid to affected tenants, farmworkers, or bonafide occupants, if any, in such amount or kind as may be mutually agreed and approved by the DAR within sixty (60) days from the date of receipt by the applicants of this Order, proof of such payment to be furnished the CLUPPI Secretariat within five (5) days from the expirationof the aforementioned 60-day period;

- The applicants shall allow duly authorized representatives of the DAR free and unhampered access to the subject properties for the purpose of monitoring compliance with the terms and conditions hereof; and

- The DAR reserves the right to cancel or withdraw this Order for misrepresentation of facts integral to its issuance and/or for violation of the law and applicable rules and regulations in land use exemption.

ACCORDINGLY, the Notices of Coverage dated 13 February 1995 and 18 October 2000, respectively, are hereby **LIFTED**. [11]

The respondents, however, moved for reconsideration of the said Order. On 19 June 2007, the same OIC-Secretary Pangandaman issued an Order granting said motion for reconsideration under the following reasons:

> On 07 March 2007, the CLUPPI Committee-B in its 40th Meeting deliberated the said Motion for Reconsideration taking into account the Ocular Inspection Report, the issues raised by the [respondents and Comments of the [petitioners] on the Motion for Reconsideration. The Committee recommended to grant the Motion for Reconsideration based on the ground that the Supreme Court's Decision in G.R. Nos. 112526 and 118838, in the case of Sta. Rosa Realty Development Corporation (SRRDC) vs. Amante, et.al., was adopted and applicable to the instant case.
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> The Amended Decision pages 24 and 25 stated that SRRDC cites the case of Natalia Realty, Inc vs. DAR, wherein it was ruled that lands not devoted to agricultural activity and not classified as mineral or forest by the DENR and its predecessor agencies, and not classified in town plans and zoning ordinances as approved by the HLURB and its preceding competent authorities prior to the enactment of R.A. No. 6657 on June 15, 1988, are outside the coverage of the CARP. Said ruling, however, finds no application in the present case. As previously stated, the Municipal Ordinance No. 110-54 of the Municipality of Cabuyao did not provide for any retroactive application nor did it convert existing agricultural lands into residential, commercial, industrial, or institutional. Consequently, the subejct property remains agricultural in nature and therefore within the coverage of the CARP.
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> Accordingly, the 16 May 2005 Supreme Court Decision became final and executory on 4 September 2006. Said Decision annulled the classification of landholdings in Barangay Casile Cabuyao, Laguna prior to 15 June 1998 and declared the same as still agricultural.
>
> **WHEREFORE**, premises considered, the Motion for Reconsideration of the DAR Order dated 19 September 2006 filed by Juanito De Leon, et. al., is hereby **GRANTED** and the DAR Order dated 19 September 2006 is hereby **REVOKED**. The Notices of Coverage dated 13 February 1995 and 18 October 2000 are hereby upheld."[12] (Underlining supplied)

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11 Id. at 68-70.

12 Id. at 102-104.

Ruling of the Office of the President

Petitioners made a timely appeal[13] to the OP on 27 September 2007 as well as submitted the required Draft Decision.[14] On 2 December 2011, the OP rendered a Decision[15] affirming the DAR's appealed Order of 19 June 2007. The OP held that:

> The proceedings before the regular courts being cited by appellants (herein petitioners) do not bind the DAR in the disposition of the instant case. In fact, a more recent Certification from the DENR dated 5 January 2005, is a matter of record, stating that on the basis of a series of surveys conducted on 7, 8, 9, 10, 15 and 16 December 2004, the topographical condition of the subject properties fall below the eighteen percent (18%) slope. The DAR, referring to the aforecited case of SRRDC vs. Amante (supra), went on to explain in the 19 June 2006 Order, that:
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> > Accordingly, the 16 May 2005 Supreme Court Decision became final and executory on 04 September 2006. Said Court Decision annulled the classification of landholdings in Barangay Casile, Cabuyao, Laguna prior to 15 June 1988 and declared the same as still agricultural.[16]

A timely Motion for Reconsideration was filed by the petitioners, but was also denied by the OP in its Resolution[17] dated 27 January 2012.

Hence, petitioners appealed[18] to the CA by Petition for Review under Rule 43 of the 1997 Rules of Civil Procedure the above OP ruling. The CA required the respondents to file their comment thereto but never did so the case was declared submitted for decision.[19]

Ruling of the Court of Appeals

On 26 July 2013, the CA rendered its questioned Decision, which affirmed the decision of the OP, holding that at the time Barangay Casile was classified into a municipal park it was already agricultural,[20] and since Municipal Ordinance No. 110-54 dated 3 November 1979 did not provide for the retroactivity of Barangay Casile's classification, the enactment of

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13 Id. at 106-120.
14 Id. at 135-148.
15 Id. at 192-196.
16 Id. at 195.
17 Id. at 212.
18 Id. at 212-241.
19 Id. at 243-245; Resolution dated 13 June 2013 of the CA.
20 *Sta. Rosa Realty Developmer Corp. v. Amante*, 493 Phil. 570 (2005).

said ordinance should not affect the nature of the land. Thus, Barangay Casile remains an agricultural area. It continued to declare that since the subejct parcels of land are all situated in Barangay Casile, accordingly, they are agricultural lands. Thus, the subject parcels of land are covered under the CARP.

Petitioners' Motion for Reconsideration was denied. Hence, this appeal by Petition for Review on *Certiorari*.

The Issues

Essentially, the petitioners relied on issues summarized as follows:

> I. Whether or not the subject properties are agricultural.
>
> II. Whether or not there is a tenancy relationship between the petitioners and the respondents which would entitle the latter as "qualified beneficiaries" relative to the Department of Agrarian Reform's inclusion of the subject properties under the coverage of the Comprehensive Agrarian Reform Program.

Ruling

We find merit in the petition.

On the first issue, the petitioners contend that in the CA Decision, its discussion on the determination of whether or not the subject parcels of land is agricultural failed to touch on the arguments they have been pointing out all along.

Petitioners stressed that the land is **more than 18% in slope**, it is **not irrigated**, **70% thereof is not cultivated**, and is **not planted to rice and corn**, as clearly stated in the 19 April 2001 Inspection Report issued by the DENR through its Community Environmental and Natural Resources Office. Accordingly, the findings of the Inspecting Officer, Mr. Errol C. Africano (Inspecting Officer Africano), affirmed that the subject land is not an agricultural land; hence, by express provision of law, excluded from the coverage of the Comprehensive Agrarian Reform Law. Section 10 thereof states that:

> Sec 10. *Exemptions and Exclusions.* — Lands actually, directly and exclusively used and found to be necessary for parks, wildlife, forest reserves, reforestation, fish sanctuaries and breeding grounds, watersheds, and mangroves, national defense, school sites and campuses including experimental farm stations operated by public or private schools for educational purposes, seeds and seedlings research and pilot production centers, church sites and convents appurtenant thereto, mosque sites and Islamic centers appurtenant thereto, communal burial grounds and cemeteries, penal colonies and penal farms actually worked by the inmates, government and private research and quarantine centers and **all lands with eighteen percent (18%) slope and over, except those already developed shall be exempt from the coverage of the Act.** (Emphasis and underlining supplied)

In *Luz Farms v. Hon. Secretary of the Dep't. of Agrarian Reform*,[21] this Court had ruled that agricultural lands are only those which are arable and suitable.

Bearing this in mind, the assertion of petitioners that the subject land may not be considered agricultural at all since it is not arable and suitable for agriculture cannot be disregarded. After all, the findings of DENR Inspecting Officer Africano that the subject land is not irrigated, 70% thereof is not cultivated, and is not planted to rice and corn, remain unrefuted.

The OP based its 2 December 2011 Decision on a "**more recent Certification from the DENR dated 5 January 2005**, is a matter of record, stating that on the basis of a series of surveys conducted on 7 8 9 10 15 and 16 December 2004, the topographical condition of the subject properties fall below the eighteen percent (18%) slope." However, petitioners argue that **this alleged certification was never presented**. The 19 June 2007 Order of the DAR did not utilize any such alleged certification from the DENR certification dated 5 January 2005. It cannot be gainsaid that it would be unfair to use evidence against the petitioners which was never shown or presented to them.

Furthermore, in a Certification[22] dated 6 December 2001, Regional Irrigation Manager Baltazar H. Usis of the National Irrigation Administration Office of the Regional Irrigation Manager Region IV, Pila, Laguna, certified that the subject property has been found to be **NOT IRRIGABLE LANDS** and not covered by any irrigation project with funding commitment.

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21 270 Phil. 151, 159 (1990).

22 Id. at 95.

The Court is not inclined to set aside the credible evidence presented by the petitioners where the veracity of such reports have been attested to by the concerned government agencies, or the same were not disputed, invalidated or struck down as being issued beyond or outside the authority of the concerned officials.

Petitioners convincingly argued as well that the subject landholding is not agricultural for said property was earlier zoned as a municipal park based on Municipal Ordinance No. 110-54, Series of 1979, approved by the HLURB on 25 June 1980 under Board Resolution No. 38-2, Series of 1980. Undoubtedly, this re-classification cannot just be overturned by a simple statement from then OIC-Secretary Pangandaman, sans any viable evidence, that the subject Ordinance "did not provide for any retroactive application," thereby resulting in the inconclusive or baseless declaration that "the subject property remains agricultural in nature and therefore within the coverage of the CARP."

This Court, in *Heirs of Luis A. Luna, et.al. v. Afable, et.al.*,[23] identified the two conditions that must concur in order for land to be considered as not agricultural, and therefore outside the ambit of the CARP, to wit:

> 1. the land has been classified in town plans and zoning ordinances as residential, commercial or industrial; and
> 2. the town plan and zoning ordinance embodying the land classification has been approved by the HLURB or its predecessor agency prior to 15 June 1988.[24]

There is no doubt that, measured using the said standard as provided in the *Heirs of Luna, et al.* case, Municipal Ordinance No. 110-54, Series of 1979, approved by the HLURB on 25 June 1980 under Board Resolution No. 38-2, Series of 1980, clearly established that the subject property of petitioners is outside the CARP coverage. The act of the local legislative body of Cabuyao, Laguna cannot just be ignored. In the said decision, the Court further clarified that:

> It is undeniable that local governments have the power to reclassify agricultural into non-agricultural lands. Section 3 of RA No. 2264 (The Local Autonomy Act of 1959) specifically empowers municipal and/or city councils to adopt zoning and subdivision ordinances or regulations in consultation with the National Planning Commission. By virtue of a zoning ordinance, the local legislature may arrange,

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23 702 Phil. 146 (2013).
24 Id. at 167.

> prescribe, define, and apportion the land within its political jurisdiction into specific uses based not only on the present, but also on the future projection of needs. It may, therefore, be reasonably presumed that when city and municipal boards and councils approved an ordinance delineating an area or district in their cities or municipalities as residential, commercial, or industrial zone pursuant to the power granted to them under Section 3 of the Local Autonomy Act of 1959, they were, at the same time, reclassifying any agricultural lands within the zone for non-agricultural use; hence, ensuring the implementation of and compliance with their zoning ordinances.
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> The regulation by local legislatures of land use in their respective territorial jurisdiction through zoning and reclassification is an exercise of police power. The power to establish zones for industrial, commercial and residential uses is derived from the police power itself and is exercised for the protection and benefit of the residents of a locality. Ordinance No. 21 of the Sangguniang Bayan of Calapan was issued pursuant to Section 3 of the Local Autonomy Act of 1959 and is, consequently, a valid exercise of police power by the local government of Calapan.
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> The second requirement – that a zoning ordinance, in order to validly reclassify land, must have been approved by the HLURB prior to 15 June 1988 – is the result of Letter of Instructions No. 729, dated 9 August 1978. According to this issuance, local governments are required to submit their existing land use plans, zoning ordinances, enforcement systems and procedures to the Ministry of Human Settlements – one of the precursor agencies of the HLURB – for review and ratification.[25]

The CA posits that Municipal Ordinance No. 110-54 dated 3 November 1979, which was approved by the HLURB on 25 June 1980 under Board Resolution No. 38-2, Series of 1980, that classified Barangay Casile into a municipal park had no retroactive application,[26] citing the case of *Sta. Rosa Realty Development Corp. v. Amante*.[27] However, the ruling of the Court in *KASAMAKA-Canlubang, Inc. v. Laguna Estate Development Corporation*,[28] where the petitioner therein argued that the municipal zoning ordinances classifying the disputed lands to non-agricultural did not change the nature and character of said lands from being agricultural, much less affect the legal relationship of the farmers and workers of the Canlubang Sugar Estate then existing prior to the granting of the order of conversion and the passage of the municipal zoning ordinances, squarely contravenes such stand. As held therein:

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25 Id. at 167-169.
26 *Rollo*, p. 50.
27 Supra note 20.
28 G.R. No. 200491, 9 June 2014, 725 SCRA 498.

> In the case at bar, however, no such arrangement exists. Apart from a mere statement that the lands in dispute was once part of the vast portion of the Canlubang Sugar Estate, wherein a large number of farmworkers tilled the land, petitioner did not present any supporting evidence that will show an indication of a leasehold arrangement.
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> x x x x
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> Had petitioner presented substantial evidence proving the existence of an agricultural tenancy arrangement, We could have given probative value to petitioner's argument that municipal ordinances cannot affect nor discontinue legal rights and relationships previously acquired over the lands herein.[29]

Incidentally, on the matter of the existence of any agricultural tenancy arrangement, it must be emphasized that the ejectment case filed against herein respondents put the matter to rest. To reiterate, it was established therein that no proof was ever presented to show the existence of such tenancy relationship between petitioners and respondents.

This being so, the respondents have no vested right over the property of petitioners before, during or after the issuance of the above Ordinance. As held in the case of *Heirs of Dr. Deleste, et. al. v. Land Bank of the Phils., et.al.*,[30] the Court decreed that:

> Verily, vested rights which have already accrued cannot just be taken away by the expedience of issuing a local zoning ordinance reclassifying an agricultural land into a residential/commercial area x x x.
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> x x x x
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> This, however, raises the issue of whether vested rights have actually accrued in the instant case. In this respect, We reckon that under PD 27, tenant-farmers of rice and corn lands were "deemed owners" of the land they till as of October 21, 1972. This policy, intended to emancipate the tenant-farmers from the bondage of the soil, is given effect by the following provision of the law:
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> > The tenant farmer, whether in land classified as landed estate or not, shall be **deemed owner** of a portion constituting a family size farm of five (5) hectares if not irrigated and three (3) hectares if irrigated. (Emphasis in the original)

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29 Id. at 514-515.

30 666 Phil. 350 (2011).

It should be clarified that even if under PD 27, tenant-farmers are "deemed owners" as of October 21, 1972, this is not to be construed as automatically vesting upon these tenant-farmers absolute ownership over the land they were tilling. Certain requirements must also be complied with, such as payment of just compensation, before full ownership is vested upon the tenant-farmers. This was elucidated by the Court in *Association of Small Landowners in the Philippines, Inc. v. Sec. of Agrarian Reform:*

> It is true that P.D. No. 27 expressly ordered the emancipation of tenant-farmer as October 21, 1972 and declared that he shall "*be deemed the owner*" of a portion of land consisting of a family-sized farm except that no title to the land owned by him was to be actually issued to him unless and until he had become a full-pledged member of a duly recognized farmers cooperative. **It was understood, however, that full payment of the just compensation also had to be made first, conformably to the constitutional requirement.**
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> When E.O. No. 228, categorically stated in its Section 1 that:
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> > All qualified farmer-beneficiaries are now *deemed full owners* as of October 21, 1972 of the land they acquired by virtue of Presidential Decree No. 27.
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> **it was obviously referring to lands already validly acquired under the said decree, after proof of full-fledged membership in the farmers cooperatives and full payment of just compensation.** Hence, it was also perfectly proper for the Order to also provide in its Section 2 that the "lease rentals paid to the landowner by the farmer-beneficiary after October 21, 1972 (pending transfer of ownership after full payment of just compensation), shall be considered as advance payment for the land."
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> The CARP Law, for its part, conditions the transfer of possession and ownership of the land to the government on receipt by the landowner of the corresponding payment or the deposit by the DAR of the compensation in cash or LBP bonds with an accessible bank. **Until then, title also remains with the landowner. No outright change of ownership is contemplated either.** (Emphasis in the original)

Prior to compliance with the prescribed requirements, tenant-farmers have, at most, an inchoate right over the land they were tilling. In recognition of this, a CLT is issued to a tenant-armer to serve as a provisional title of ownership over the landholding while the lot owner is awaiting full payment of [just compensation] or for as long as the [tenant-

> farmer] is an amortizing owner. "This certificate proves inchoate ownership of an agricultural land primarily devoted to rice and corn production. It is issued in order for the tenant-farmer to acquire the land" he was tilling.
>
> Concomitantly, with respect to the LBP and the government, tenant-farmers cannot be considered as full owners of the land they are tilling unless they have fully paid the amortizations due them. This is because it is only upon such full payment of the amortizations that EPs may be issued in their favor.
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> In *Del Castillo v. Orciga*, We explained that land transfer under PD 27 is effected in two (2) stages. The first stage is the issuance of a CLT to a farmer-beneficiary as soon as the DAR transfers the landholding to the farmer-beneficiary in recognition that said person is its deemed owner. And the second stage is the issuance of an EP as proof of full ownership of the landholding upon full payment of the annual amortizations or lease rentals by the farmer-beneficiary.
>
> In the case at bar, the CLTs were issued in 1984. Therefore, for all intents and purposes, it was only in 1984 that private respondents, as farmer-beneficiaries, were recognized to have an inchoate right over the subject property prior to compliance with the prescribed requirements. Considering that the local zoning ordinance was enacted in 1975, and subsequently approved by the HSRC in 1978, private respondents still had no vested rights to speak of during this period, as it was only in 1984 that private respondents were issued the CLTs and were deemed owners.
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> The same holds true even if EPs and OCTs were issued in 2001, since reclassification had taken place twenty-six (26) years prior to their issuance. Undeniably, no vested rights accrued prior to reclassification and its approval. Consequently, the subject property, particularly Lot No. 1407, is outside the coverage of the agrarian reform program.[31] Emphasis omitted)

Applying the same to the instant case, when the subject landholding of petitioners was reclassified as a municipal park in 1979, the respondents, as claimed by the petitioners, "had **nothing** yet."[32] To be clear, they have no accrued vested rights therein prior to reclassification of the subject properties and even after approval thereof.

Moreover, petitioners' subject landholdings are not the same property which is involved in the *Sta. Rosa Dev't. Corp.* case wherein the Court declared the property involved therein as agricultural for the following reasons:

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31 Id. at 375-381.

32 *Rollo*, p. 38.

> Before Barangay Casile was classified into a municipal park by the local government of Cabuyao, Laguna in November 1979, it was part of a vast property popularly known as the Canlubang Sugar Estate. SRRDC claimed that in May 1979, "the late Miguel Yulo allowed the employees of the Yulo group of companies to cultivate a maximum area of one hectare each subject to the condition that they should not plant crops being grown by the Canlubang Sugar Estate, like coconuts and coffee, to avoid confusion as to ownership of crops. (Rollo, G.R. No. 11383, Memorandum to Respondents, p. 625). The consolidation and subdivision plan surveyed for SRRDC on March 10-15, 1984 (Exhibit "5", Folder of Exhibits) also show that the subject property is already agricultural at the time the municipality of Cabuyao enacted the zoning ordinance, and such ordinance should not affect the nature of the land. More so since the municipality of Cabuyao did not even take any step to utiliize the property as a park."[33] (Italics omitted)

However, no similar evidence was presented in the case at bar. No evidence that petitioners (or their predecessors-in-interest) ever allowed any of the respondents to plant crops on the subject parcels of land; and no similar consolidation and subdivision plans were submitted. Even assuming the properties involved in the present case were part of the Canlubang Sugar Estate before, it does not mean they were similarly planted with crops or sugar, much less that herein respondents were the one planting therein. In fact, not a portion of these properties were planted with sugar considering the sloping configuration of the land.[34]

In *Holy Trinity Realty & Development Corporation v. Dela Cruz, et. al.*,[35] the Court had the occasion to rule that "(v)erily, the basic condition for land to be placed under the coverage of Republic Act No. 6657 is that **it must either be primarily devoted to or be suitable for agriculture**. Perforce, land that is not devoted to agricultural activity is outside the coverage of Republic Act No. 6657."

Sec. 3 (c) of R.A. No. 6657 (The Comprehensive Agrarian Reform Act), provides that:

> (c) Agricultural Land refers to land devoted to agricultural activity as defined in this Act and not classified as mineral, forest, residential, commercial or industrial land.

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33 *Sta. Rosa Realty Developmer Corp. v. Amante*, supra note 20 at 595.

34 *Rollo*, p. 33.

35 G.R. No. 200454, 22 October 2014, 739 SCRA 229, 255.

Also, Sec. 3 (b) of said law defines "agricultural activity" as "the cultivation of the soil, planting of crops, growing of fruit trees, raising of livestock, poultry or fish, including the harvesting of such farm products, and other farm activities and practices performed by a farmer in conjunction with such farming operations done by person whether natural or juridical.

Further, Section 4 thereof states that:

> Sec. 4. *Scope*. — The Comprehensive Agrarian Reform Law of 1989 shall cover, regardless of tenurial arrangement and commodity produced, all public and private agricultural lands, as provided in Proclamation No. 131 and Executive Order No. 229, including other lands of the public domain suitable for agriculture.
>
> More specifically the following lands are covered by the Comprehensive Agrarian Reform Program:
>
> (a) All alienable and disposable lands of the public domain devoted to or suitable for agriculture. No reclassification of forest or mineral lands to agricultural lands shall be undertaken after the approval of this Act until Congress, taking into account ecological, developmental and equity considerations, shall have determined by law, the specific limits of the public domain.
>
> (b) All lands of the public domain in excess of the specific limits as determined by Congress in the preceding paragraph;
>
> (c) All other lands owned by the Government devoted to or suitable for agriculture; and
>
> (d) **All private lands devoted to or suitable for agriculture** regardless of the agricultural products raised or that can be raised thereon. (Emphasis and underlining supplied)

Indeed, under the facts and the law obtaining herein, the above landholdings of petitioners are not agricultural lands, have not been devoted into any agricultural activity, and the defendants have not given proof of any tenancy relationship in their favor over the same.

As to the second issue, since the subject land is clearly not agricultural, the herein respondents' claim that they are tenants, or at least, tillers of the subject land, as already disccused, should not be given credence at all.

Section 22 expressly provides who are the qualified beneficiaries of lands covered by the CARP:

> Sec. 22. *Qualified Beneficiaries.* — The lands covered by the CARP shall be distributed as much as possible to landless residents of the same barangay, or in the absence thereof, landless residents of the same municipality in the following order of priority:
>
> (a) agricultural lessees and share tenants;
> (b) regular farmworkers;
> (c) seasonal farmworkers;
> (d) other farmworkers;
> (e) actual tillers or occupants of public lands;
> (f) collectives or cooperatives of the above beneficiaries; and
> (g) others directly working on the land.

Again, and even on the basis of the above parameters, the respondents failed to discharge the burden of proving that they are tenants or at least farmers/farmworkers or actual tillers directly working on the subject property.

In *Quintos v. Dept. of Agrarian Reform Adjudication Board, et al.*,[36] where the Court reversed and set aside the Decision and Resolution of the Court of Appeals, it stated that:

> The burden of proof rests on the one claiming to be a tenant to prove his affirmative allegation by substantial evidence. **His failure to show in a satisfactory manner the facts upon which he bases his claim would put the opposite party under no obligation to prove his exception or defense**. The rule applies to civil and administrative cases.[37] (Emphasis and underlining supplied)

In the Decision of the OP dated 2 December 2011, which was practically just a verbatim reproduction of the Order dated 19 June 2007 of the then OIC-Secretary Pangandaman, it partly reads as follows:

> Based on the PARO's Report, there are thirty-six (36) identified potential beneficiaries.

It bears stressing that the **alleged PARO Report was never presented to the petitioners nor a copy thereof was furnished to them**. The petitioners were, likewise, not heard on this matter. No evidence was shown or presented by PARO as the basis of such Report. In any case, the declaration was even **tentative and uncertain**. The alleged "PARO Report" as quoted, did not categorically say that there were 36 beneficiaries. It

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36 726 Phil. 367 (2014).
37 Id. at 375.

merely stated there were 36 **"potential beneficiaries,"** clearly signifying uncertainty and indefiniteness.[38]

The OP maintained in its 27 January 2012 Resolution that "tenancy relations is not material under the CARP" and therefore, the alleged failure of the respondents to establish the existence of a tenancy relationship is, likewise, immaterial. This statement is clearly contrary to law and jurisprudence. Instead, this is even an admission of the absence of such relationship, which is a pre-requisite to any grant of entitlement in favor of the respondents under R.A. No. 6657.

Nevertheless, the records of the case is bereft of any substantial evidence to support the respondents' claim that they are farmers/tillers of the subject property. The mere presence of pineapple, coconuts, and bananas within the areas, as averred by DAR, citing the non-existent *CLUPPI Inspection Report*, does not necessarily establish that respondents are farmworkers or actual tillers therein. DAR also made mention of the attendance of backyard hog raising within the subject property. As pointed out earlier, in the *Luz Farms* case, the Court held that "[i]t is evident from the foregoing discussion that Section II of R.A. No. 6657 which includes "private agricultural lands devoted to commercial livestock poultry and swine raising" in the definition of of "commercial farms" is invalid."[39]

Moreover, in the earlier ejectment suit filed by the petitioners against the respondents, the MTC of Cabuyao, Laguna, after trial and after conducting an ocular inspection of the subject land, ordered the eviction of the respondents. As declared by the lower court, which was affirmed all the way up to this Court, "there was **no tenancy relationship** between the parties" and this is due to the following findings:

> (1) x x x
>
> (2) The consent of the plaintiff to the alleged tenancy relationship with the defendants was not sufficiently established in the instant case. There is **no showing that the defendants are farmer-beneficiaries** as declared by DAR as the proper certification was not issued by the said office x x x;
>
> (3) x x x x

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38 *Rollo*, p. 102.

39 Supra note 21 at 160.

(4) The defendants **have not shown that they have personally cultivated the land allegedly under their management**. They have not submitted affidavits or other evidences attesting to such fact x x x;

(5) The defendants **have not sufficiently shown that there is sharing of harvest between them and the plaintiff**. It is essential that together with the other requisites of tenancy relationship, the agricultural tenant must prove that he transmitted the landowner's share of the harvest. They have not submitted their affidavits attesting to such fact". (Emphasis supplied. Annex "Y" of the Petition)

As discussed earlier, this finding was affirmed by both the RTC and the CA. In the RTC Decision, the court held:

> The court *a quo* granted the complaint for ejectment and denied the defense of the defendants for the **defendants failed to prove that the property is an agricultural land and the presence of tenancy relationship** to this case, which the court finds to be in order especially so that the evidence for the plaintiff as enumerated by the court a quo in its decision's number 1 to 5, page 3 proved it otherwise.[40] x x x

While in the CA Decision dated 12 November 2009 in CA-G.R. SP No. 106951, the said court discussed the herein respondents' failed evidence on tenancy, as follows:

> Indeed, the foregoing case presents a dearth of evidence to prove petitioners' contention of tenancy. In a vain attempt to prove their claim, they proffered in evidence, the Sinumpaang Salaysay of a certain Pedro de Sagun, the purported caretaker of the subject properties entrusted with the receipt of tax payments from petitioners. This piece of evidence does not constitute proof of tenancy as payment of taxes is not among the above-stated essential requisites. At best, it only proves petitioners' payment of their share in land taxes, nothing more. Moreover, **petitioners' status as farmer-beneficiaries remains a contentious issue.** For while there appears on record petitioners Applications to Purchase and Farmer's Undertaking relative to the subject properties, there is nothing to indicate the approval of said application. As aptly observed by the MTC, **the record fails to establish petitioners' status as farmer-beneficiaries**. Certainly these pieces of evidence cannot sustain a finding of tenancy. Further, **neither is there any proof of the elemental act of cultivation, consent of the landowner and harvest-sharing**. We reiterate that to establish a tenancy relationship, concrete and independent evidence, aside from self-serving statements, is needed to prove personal cultivation, sharing of harvests, or consent of the landowner, and the lone fact of one's working on another's landholding does not raise the presumption of

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40 *Rollo*, p. 253.

> agricultural tenancy. No such evidence exists in this case.[41] (Emphasis and underlining supplied)

The aggrieved respondents sought relief from the Court by way of a Petition for Review on *Certiorari* which, however, was denied for failure of the herein respondents to sufficiently show any reversible error in the assailed judgment to warrant the exercise of the Court's discretionary appellate jurisdiction.[42]

To recall, in the *Holy Trinity* case, the Court stressed that:

> It is not difficult to see why Republic Act No. 6657 requires agricultural activity in order to classify land as agricultural. **The spirit of agrarian reform laws is not to distribute lands *per se*, but to enable the landless to own land for cultivation. This is why the basic qualification laid down for the intended beneficiary is to show the willingness, aptitude and ability to cultivate and make the land as productive as possible**. This requirement conforms with the policy direction set in the 1987 Constitution to the effect that agrarian reform laws shall be founded on the right of the landless farmers and farmworkers to own, directly or collectively, the lands they till.[43] (Emphasis and underlining supplied)

Thus, it would be the height of inequity and injustice if the petitioners herein be unjustly deprived of the subject properties when factual findings establish that the same are not agricultural and, therefore, beyond the ambit of R.A. No. 6657. After all, distributing the subject land to unqualified beneficiaries such as herein respondents will unjustly enrich them at petitioners' damage. The Court emphasized in *Loria v. Muñoz, Jr.*[44] that:

> The principle of unjust enrichment has two conditions. First, a person must have been benefited without a real or valid basis or justification. Second, the benefit was derived at another person's expense or damage.[45]

Indeed, and based thereon, the petitioners will end up suffering more and being unjustly deprived of their property with nary any rhyme nor reason, much to their damage and prejudice.

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41 Id. at 174.
42 Id. at 214-241.
43 Supra note 35 at 256.
44 G.R. No. 187240, 15 October 2014, 738 SCRA 397.
45 Id. at 408.

The Court in *Gelos v. Court of Appeals*,[46] quoting Justice Alicia Sempio-Diy, enunciates that "[it has been declared that] the duty of the court to protect the weak and the underprivileged should not be carried out to such an extent as deny justice to the landowner whenever truth and justice happen to be on his side."

By the same token, the Court in *Land Bank of the Philippines v. Court of Appeals, Pedro L. Yap, et. al.*,[47] asserts that:

> As eloquently stated by Justice Isagani Cruz:
>
> > [S]ocial justice or any justice for that matter is for the deserving, whether he be a millionaire in his mansion or a pauper in his hovel. It is true that, in case of reasonable doubt, we are called upon to tilt the balance in favor of the poor, to whom the Constitution fittingly extends its sympathy and compassion. But never is it justified to prefer the poor simply because they are poor, or to reject the rich simply because they are rich, for justice must always be served, for poor and rich alike, according to the mandate of the law.

Suffice it to say, the taking of the subject property by blatantly ignoring the facts and the law that are clearly not supportive of the cause of the respondents would be tantamount to an oppressive and unlawful act of the state against herein petitioners.

WHEREFORE, in light of the foregoing, the Court hereby **GRANTS** the instant petition and **REVERSED** and **SET ASIDE** the Decision dated 26 July 2013 of the Court of Appeals, including the Decision dated 2 December 2011 rendered by the Office of the President and the 19 June 2007 Order issued by the Department of Agrarian Reform. In turn, the Court thus **REINSTATES** the 19 September 2006 Order of the Department of Agrarian Reform.

SO ORDERED.

JOSE PORTUGAL PEREZ
Associate Justice

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46 284 Phil. 114, 124 (1992).
47 319 Phil. 246, 249-250 (1995).

WE CONCUR:

PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson

DIOSDADO M. PERALTA
Associate Justice

BIENVENIDO L. REYES
Associate Justice

FRANCIS H. JARDELEZA
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.

PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, it is hereby certified 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