Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

SPOUSES LAURETO V. FRANCO and NELLY DELA CRUZ-FRANCO, LARRY DELA CRUZ FRANCO, and ROMEO BAYLE,
Petitioners,

-versus-

SPOUSES MACARIO GALERA, JR. and TERESITA LEGASPINA,
Respondents.

G.R. No. 205266

Present:

LEONEN, *J., Chairperson,*
GESMUNDO,
CARANDANG,
ZALAMEDA, and
GAERLAN, *JJ.*

Promulgated:
January 15, 2020
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DECISION

LEONEN, *J.*:

An express agreement is not necessary to establish the existence of agricultural tenancy. The tenancy relationship can be implied when the conduct of the parties shows the presence of all the requisites under the law.

This Court resolves a Petition for Review on Certiorari[1] filed by Spouses Laureto V. Franco and Nelly Dela Cruz-Franco (the Franco Spouses), their son Larry Dela Cruz Franco (Larry), and Romeo Bayle (Romeo), assailing the Court of Appeals' Decision[2] and Resolution.[3] The

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[1] *Rollo*, pp. 7–27.

[2] Id. at 29–47. The June 22, 2012 Decision was penned by Associate Justice Leoncia Real-Dimagiba and concurred in by Associate Justices Normandie B. Pizarro and Stephen C. Cruz of the Special Seventh Division, Court of Appeals, Manila.

Court of Appeals reversed the Decision[4] and Resolution[5] of the Department of Agrarian Reform Adjudication Board, which in turn reversed the Regional Adjudicator's Decision[6] finding Spouses Macario Galera, Jr. and Teresita Legaspina (the Galera Spouses) as tenants of the contested landholdings, and are therefore entitled to the right of redemption.[7]

This case arose out of a dispute over two (2) agricultural lots in Nagalangan, Danglas, Abra: (1) the 6,197-square meter Lot No. 2282, owned by Benita Bayle (Benita); and (2) the 1,336-square meter Lot No. 2344, owned by Spouses Apolonio and Charing Bayle (the Bayle Spouses), Romeo's parents.[8]

On February 5, 2006, the Galera Spouses filed a Complaint[9] for legal redemption against the Franco Spouses, Larry, and Romeo before the Regional Adjudicator in Baguio City.[10]

In their Complaint, the Galera Spouses alleged that in 1990, the Bayle Spouses and Benita instituted them as tenants of the two (2) agricultural landholdings. Apolonio Bayle (Apolonio) also used both lots as collateral for a ₱20,000.00 loan they obtained from the Galera Spouses.[11]

In December 2002, after the death of Benita and Charing Bayle, Apolonio allegedly offered to sell the two (2) lots to Teresita Galera and her daughter, Elsie, for ₱100,000.00.[12] Yet, the sale was not consummated. It was not until two (2) years later, long after Apolonio had died, that his son Romeo again offered to sell the lots to Elsie for ₱150,000.00. Elsie, for her part, made a counter-offer of ₱100,000.00.[13]

Eventually, Romeo agreed to sell the properties to the Galera Spouses, through their daughter Elsie, for ₱150,000.00. Of that amount, ₱125,000.00 would be given on June 15, 2005, while the remaining balance would be paid before the end of December 2005.[14]

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[3] Id. at 49–50. The January 7, 2013 Resolution was penned by Associate Justice Leoncia Real-Dimagiba and concurred in by Associate Justices Normandie B. Pizarro and Stephen C. Cruz of the Former Special Seventh Division, Court of Appeals, Manila.

[4] Id. at 74–80. The January 29, 2009 Decision was penned by member Ma. Patricia P. Rualo-Bello and concurred in by Chair Nasser C. Pangandaman, members Delfin B. Samson, Gerundio C. Madueño, Augusto P. Quijano, Edgar A. Igano, and Ambrosio B. De Luna.

[5] Id. at 81–82, June 28, 2010 Resolution.

[6] Id. at 70–73. The December 28, 2005 Decision was penned by Walter R. Carantes, the Agrarian Judge/Regional Agrarian Reform Adjudicator for the Cordillera Administrative Region.

[7] Id. at 46.

[8] Id. at 30–31.

[9] Id. at 51–57.

[10] Id. at 30.

[11] Id. at 31.

[12] Id.

[13] Id.

[14] Id.

However, on June 13, 2005, Romeo allegedly canceled the sale. A few days later, Elsie learned from Nelly Dela Cruz-Franco (Nelly) herself that it was her and her husband to whom Romeo had sold the two (2) lots for ₱150,000.00. The sale was embodied in a July 19, 2005 Extra-Judicial Adjudication of Real Property with Absolute Sale[15] that Romeo executed in favor of the Franco Spouses. In the document, Romeo declared that he was the sole heir of the Bayle Spouses and his aunt Benita.[16]

The Galera Spouses immediately brought the matter to the Legal Division of the Provincial Land Reform Office in Bangued, Abra. However, the parties failed to reach an amicable settlement,[17] hence the Complaint.

The Galera Spouses prayed, among others, that: (1) as agricultural tenants, they be allowed to redeem the two (2) lots from the Franco Spouses; and (2) the Franco Spouses be ordered to reconvey the lots to them.[18]

In their Answer, the Franco Spouses, Larry, and Romeo argued that the Galera Spouses, not being parties to the sale, had no cause of action against them. They further pointed out that the Galera Spouses were merely caretakers and had no tenancy relationship with the Bayle Spouses, and as such, had no right of redemption available to agricultural tenants under Section 12 of Republic Act No. 3844. Lastly, they argued that the alleged mortgage of the lots was unenforceable, as it failed to comply with the Statute of Frauds.[19]

On December 28, 2005, the Regional Adjudicator rendered a Decision[20] in the Galera Spouses' favor. He found that the Galera Spouses had a tenancy relationship with the Bayle Spouses, making them entitled to the right of redemption, with ₱150,000.00 as the reasonable price.[21]

Accordingly, the Regional Adjudicator ordered that the tax declarations in Benita and the Bayle Spouses' favor be canceled, and new ones be issued to the Galera Spouses. He also ordered the Franco Spouses, Larry, and Romeo to preserve the Galera Spouses' "peaceful possession, occupation[,] and cultivation"[22] over the lots. Lastly, he declared the Extra-Judicial Adjudication of Real Property with Absolute Sale as having no

[15] Id. at 62.
[16] Id. at 31–32.
[17] Id.
[18] Id.
[19] Id. at 32–33.
[20] Id. at 70–73.
[21] Id. at 73.
[22] Id.

force and effect.[23]

The Franco Spouses, Larry, and Romeo appealed before the Department of Agrarian Reform Adjudication Board Central Office.[24]

In its January 29, 2009 Decision,[25] the Department of Agrarian Reform Adjudication Board reversed the Regional Adjudicator's Decision. It ruled that the Galera Spouses failed to prove that they were the lots' tenants, as they had failed to establish the elements of agricultural tenancy, namely the landowners' consent and a sharing arrangement over the produce. Hence, it declared that the Galera Spouses were not entitled to redeem the lots.[26]

The Galera Spouses filed a Motion for Reconsideration, which the Department of Agrarian Reform Adjudication Board later denied in its June 28, 2010 Resolution.[27] Hence, they appealed before the Court of Appeals.[28]

In a June 22, 2012 Decision,[29] the Court of Appeals reversed the Department of Agrarian Reform Adjudication Board's rulings. Reinstating the Regional Adjudicator's Decision, it ruled that the Regional Adjudicator was in a better position to examine the parties' claims as he was located in the locality where the dispute arose and directly heard the parties and examined the evidence presented.[30]

Akin to the Regional Adjudicator, the Court of Appeals found sufficient evidence that a tenancy relationship existed between the Galera and Bayle Spouses.[31] It held that the Galera Spouses, through their witnesses' statements, proved all the elements of a tenancy relationship.[32]

Moreover, the Court of Appeals cited *Santos v. vda. de Cerdenola*,[33] where it was held that an implied contract of tenancy exists when a landholder allows another to till his or her land for six (6) years.[34]

Applying *Santos*, the Court of Appeals noted that the Galera Spouses had since 1990 been tilling the lot, the harvest shares of which had been

[23] Id.
[24] Id. at 35.
[25] Id. at 74–80.
[26] Id. at 35 and 79.
[27] Id. at 81–82.
[28] Id. at 38.
[29] Id. at 29–47.
[30] Id. at 44.
[31] Id. at 46.
[32] Id. at 41–44.
[33] 115 Phil. 813 (1962) [Per J. Barrera, En Banc].
[34] *Rollo*, p. 44.

delivered to the Bayle Spouses, and later to their heirs, through Romeo. This, the Court of Appeals ruled, showed that even if Apolonio did not authorize Benita to make the Galera Spouses tenants, the Bayles knew of and consequently ratified the transaction entered into by Benita and the Galera Spouses.[35] As such, the Court of Appeals ruled that the Galera Spouses, as agricultural tenants, had the right to redeem the property.[36]

The Franco Spouses moved for reconsideration, but their Motion was denied by the Court of Appeals in a January 7, 2013 Resolution.[37]

Hence, the Franco Spouses, Larry, and Romeo filed this Petition against the Galera Spouses.[38]

Petitioners argue that while the case involves factual issues, this Court may still review it in view of the lower tribunals' conflicting positions: the Regional Adjudicator and the Court of Appeals on one hand, and the Department of Agrarian Reform Adjudication Board on the other.[39]

Petitioners add that the Court of Appeals limited its discussions only to respondents' evidence, overlooking petitioners' evidence which consist of several third-party sworn statements attesting to a certain Joel Bacud as the lots' tenant.[40] Petitioners submit that their pieces of evidence are more credible and corroborative on the material points of the case.[41]

Petitioners also argue that when there is no agreed sharing system, the "mere receipt of the landowner of the produce of the land cannot be considered as proof of tenancy relationship."[42] They assert that *Santos* does not apply here, and instead advance *Reyes v. Joson*[43] and *Heirs of Magpily v. De Jesus*,[44] in which this Court ruled that parties must have a clear intent to create a tenancy relationship; it cannot simply be assumed.[45]

In their Comment,[46] respondents argue that petitioners raise a factual issue not covered by Rule 45 of the Rules of Court.[47] Moreover, they claim that petitioners merely restated the same factual and legal arguments already

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35 Id.
36 Id. at 45.
37 Id. at 49–50.
38 Id. at 7–27.
39 Id. at 11.
40 Id. at 15–16.
41 Id. at 16.
42 Id. at 20.
43 551 Phil. 345 (2007) [Per J. Sandoval-Gutierrez, First Division].
44 511 Phil. 14 (2005) [Per J. Ynares-Santiago, First Division].
45 *Rollo*, p. 17.
46 Id. at 107–121.
47 Id. at 112.

passed upon by the Court of Appeals.[48]

In their Reply,[49] petitioners reiterate their argument that a review of the Court of Appeals' factual findings is necessary. They again reason that the Court of Appeals failed to consider petitioners' evidence, relying only on respondents' evidence. They insist that theirs is more credible.[50]

Hence, the issues for this Court's resolution are:

First, whether or not a factual review of the Court of Appeals Decision is appropriate under Rule 45 of the Rules of Court; and

Second, whether or not the Court of Appeals erred in reversing the Department of Agrarian Reform Adjudication Board's Decision and reinstating the Regional Adjudicator's Decision finding respondent Spouses Macario Galero, Jr. and Teresita Legaspina to be agricultural tenants and, therefore, entitled to legal redemption.

This Court affirms the Court of Appeals Decision. The Petition should be denied.

I

This Court agrees with respondents that the Petition raises questions of fact outside the scope of a petition for review on certiorari under Rule 45 of the Rules of Court. Whether a person is an agricultural tenant is a question of fact, not law.

In *Pascual v. Burgos*,[51] this Court emphasized that it does not entertain factual questions in a petition for review because the lower courts' factual findings are considered final, binding, or conclusive on the parties and on this Court when these are supported by substantial evidence. These findings are not to be disturbed on appeal.[52]

Nonetheless, there are 10 recognized exceptions to this rule:

> (1) When the conclusion is a finding grounded entirely on speculation, surmises or conjectures; (2) When the inference made is manifestly mistaken, absurd or

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[48] Id. at 115.
[49] Id. at 124–128.
[50] Id. at 125.
[51] 776 Phil. 167 (2016) [Per J. Leonen, Second Division].
[52] Id. at 182.

> impossible; (3) Where there is a grave abuse of discretion; (4) When the judgment is based on a misapprehension of facts; (5) When the findings of fact are conflicting; (6) When the Court of Appeals, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee; (7) The findings of the Court of Appeals are contrary to those of the trial court; (8) When the findings of fact are conclusions without citation of specific evidence on which they are based; (9) When the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondents; and (10) The finding of fact of the Court of Appeals is premised on the supposed absence of evidence and is contradicted by the evidence on record.[53] (Citations omitted)

However, the mere allegation of any of the exceptions does not suffice. Exceptions must be "alleged, substantiated, and proved by the parties so this [C]ourt may evaluate and review the facts of the case."[54] Parties cannot simply assert an exception as applicable without substantiating and proving their claim.

In this case, petitioners merely allege that the Court of Appeals Decision conflicted with the Department of Agrarian Reform Adjudication Board's Decision. They admit that the main issue of whether there was a tenancy relationship is factual, but still insist that this Court may resolve it by way of exception.[55] Petitioners cite *Rosario v. PCI Leasing and Finance, Inc.*,[56] where this Court listed the exceptions to the rule that factual issues are beyond the scope of a petition for review.[57]

Petitioners have not demonstrated how these conflicting decisions would warrant this Court's review of the Court of Appeals' factual findings. They have not substantiated, much less proven, that an exception should apply to their case. All they have done was to plead a ground for exception and pray that this Court exercise its discretionary power to review the factual issues they raised. This cannot be done. On this ground alone, the Petition should be denied.

II

Nevertheless, the Petition fails even on substantive grounds.

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[53] Id. at 182–183.
[54] Id. at 169.
[55] *Rollo*, p. 11.
[56] 511 Phil. 115 (2005) [Per J. Callejo, Sr., Second Division].
[57] *Rollo*, p. 11.

Agricultural tenancy laws in the Philippines have evolved throughout centuries and are tied with the country's history. Prior to the Spanish colonization, lands were held in common by inhabitants of barangays. Access to land and the fruits it produced were equally shared by members of the community.

This system of communal ownership, however, was replaced by the regime of private ownership of property.[58] When the Spaniards arrived, they purchased communal lands from heads of the different barangays and registered the lands in their names. With the regalian doctrine imposed, uninhibited lands were decreed to be owned by the Spanish crown. Consequently, the *encomienda* system was introduced, in which the Spanish crown awarded tracts of land to *encomenderos*, who acted as caretakers of the *encomienda*.[59] Under this system, natives could not own either the land they worked on or their harvest. To till the land, they had to pay tribute to their *encomenderos*.[60]

Encomiendas mostly focused on small-scale food production, until the *hacienda* system was developed to cater to the international export market. Still, natives were not allowed to own land, and the larger demand by the wider market required them to live away from their homes. Families of natives who worked on farms were reduced to being slaves pushed into forced labor either as *aliping namamahay* or *aliping sagigilid*.[61]

The *encomienda* and *hacienda* systems were analogous to share tenancy arrangements, which persisted in our agricultural tenancy laws.

Enacted in 1933, Act No. 4054, or the Philippine Rice Share Tenancy Act, contained the earliest iteration of share tenancy in the country. To promote the well-being of tenants in agricultural lands devoted to rice production, the law regulated relations between landlords and tenant-farmers. Under this law, share tenancy was the prevailing arrangement.[62] Share tenancy contracts must be expressed in writing and registered with the proper office to be valid.[63]

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[58] Dissenting Opinion of J. Leonen, *J.V. Lagon Realty Corporation v. Heirs of vda. de Terre*, G.R. No. 219670, June 27, 2018, <http://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/64252> [J. Martires, Third Division] *citing* R.P. BARTE, LAW ON AGRARIAN REFORM 6–7 (2003).

[59] Id.

[60] Id. citing R.P. Barte, Law on Agrarian Reform 7 (2003).

[61] Id.

[62] Act No. 4054 (1933), sec. 2.

[63] Act No. 4054 (1933), secs. 4–5 provide:

SECTION 4. Form of Contract. — The contract on share tenancy, in order to be valid and binding, shall be drawn in triplicate in the language or dialect known to all the parties thereto, to be signed or thumb-marked both by the landlord or his authorized representative and by the tenant, before two witnesses, one to be chosen by each party. The party who does not know how to read and write may request one of the witnesses to read the contents of the document. Each of the contracting parties shall retain a copy of the contract and the third copy shall be filed with, and registered in the office of the municipal treasurer of the municipality, where the land, which is the subject-matter of the contract,

In 1954, Republic Act No. 1199, or the Agricultural Tenancy Act of the Philippines, repealed Act No. 4054.[64] In line with its objective of pursuing social justice, this subsequent law redefined agricultural tenancy arrangements and recognized more tenant-farmers' rights.[65] The law also expanded the coverage beyond lands devoted to rice production and included share arrangement provisions for crops other than rice.[66]

More important, Republic Act No. 1199 categorized agricultural tenancy into either share tenancy or a new system called leasehold tenancy. Whereas under share tenancy, the landlord and tenant contribute land and labor and later divide the resulting produce in proportion to their contribution,[67] under leasehold tenancy, the lessee cultivates the landlord's piece of land for a fixed amount of money or in produce, or both.[68]

Over time, share tenancy proved to be an abusive arrangement that heavily disadvantaged tenant-farmers. Thus, for being contrary to public policy, it was abolished with the passage of Republic Act No. 3844, or the Agricultural Law Reform Code.[69] President Diosdado Macapagal, in his address during the signing of the law, recognized the need to end the oppressive system of share tenancy:

> This document before us, a bill which in a few minutes will become a statute to be known as the Agricultural Land Reform Code, will provide us with the legal powers to remove once and for all the system of share-tenancy that has plagued our agricultural countryside. In one statement it declares share tenancy as violative of the law of the land, a system which will be abolished and will no longer be tolerated by law. But the Code does not only provide us with the powers to remove an organic disease from our agricultural society; it also provides the means of injecting new health, new vigor, new muscles, and new strength into the new social order that will arise. Its first and immediate step is to destroy an oppressive and intolerable system; its ensuing objectives—which will constitute the sinews of land reform—is to nurse our agricultural economy into a state of healthy productivity. It not only aims to turn the Filipino

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is located: Provided, however, That in order that a contract may be considered registered, both the copy of the landlord and that of the tenant shall contain an annotation made by the municipal treasurer to the effect that same is registered in his office.

SECTION 5. Registry of Tenancy Contract. — For the purposes of this Act, the municipal treasurer of the municipality wherein the land, which is the subject-matter of a contract, is situated, shall keep a record of all contracts made within his jurisdiction, to be known as Registry of Tenancy Contracts. He shall keep this registry together with a copy of each contract entered therein, and make annotations on said registry in connection with the outcome of a particular contract, such as the way same is extinguished: Provided, however, That the municipal treasurer shall not charge fees for the registration of said contract which shall be exempt from the documentary stamp tax.

64 Republic Act No. 1199 (1954), sec. 59.
65 Republic Act No. 1199 (1954), sec. 22.
66 Republic Act No. 1199 (1954), sec. 41.
67 Republic Act No. 1199 (1954), sec. 4.
68 Republic Act No. 1199 (1954), sec. 4, as amended by Republic Act No. 2263 (1959), sec. 1.
69 Republic Act No. 3844 (1963), sec. 4.

> tenant into a free man; it aims, most of all, to turn him into a more productive farmer.[70]

Still in line with the government's policy of eliminating existing share tenancy arrangements, the law was amended such that all existing share tenancy relations are automatically converted to agricultural leasehold relations.[71] Today, agricultural leasehold relations remain to be the only form of agricultural tenancy arrangement under the law.

For a valid agricultural tenancy arrangement to exist, these elements must concur:

> (1) the parties are the landowner and the tenant; (2) the subject matter is agricultural land; (3) there is consent between the parties; (4) the purpose is agricultural production; (5) there is personal cultivation by the tenant; and, (6) there is sharing of the harvests between the parties.[72] (Citation omitted)

All these elements must be proven by substantial evidence; "the absence of one or more requisites is fatal."[73] As with any affirmative allegation, the burden of proof rests on the party who alleges it.[74] The tenancy relationship cannot be presumed.[75]

Contrary to Act No. 4054, agricultural tenancy arrangements under Republic Act No. 3844 may be established either orally or in writing.[76] The form of the contract is only prescribed when parties decide to reduce their agreement in writing,[77] but it no longer affects the tenancy arrangement's validity.

Here, the Court of Appeals agreed with the Regional Adjudicator that a tenancy relationship exists. Based on both parties' evidence, it found substantial proof that Benita and Apolonio installed respondents as tenants of their landholdings.[78] The statements of disinterested persons, namely, Wilma Bayle-Lardizabal, Janice B. Lardizabal, Emilia C. Pantuca, and corroborated by the declarations of Dolores Velasco and Quirico Adriatico, all proved this. Their testimonies showed that the Bayles installed the

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[70] Address of President Macapagal at the Signing of the Agricultural Land Reform Code, August 8, 1963, https://www.officialgazette.gov.ph/1963/08/08/address-of-president-macapagal-at-the-signing-of-the-agricultural-land-reform-code/ (last accessed on January 14, 2020).

[71] Republic Act No. 3844 (1963), sec. 4, as amended by Republic Act No. 6389 (1971), sec. 1.

[72] *Adriano v. Tanco*, 637 Phil. 218, 227 (2010) [Per J. Del Castillo, First Division].

[73] Id.

[74] *J.V. Lagon Realty Corporation v. Heirs of vda. de Terre*, G.R. No. 219670, June 27, 2018, <http://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/64252> [J. Martires, Third Division].

[75] *Adriano v. Tanco*, 637 Phil. 218, 227 (2010) [Per J. Del Castillo, First Division].

[76] Republic Act No. 3844 (1963), sec. 5.

[77] Republic Act No. 3844 (1963), sec. 17.

[78] *Rollo*, p. 41.

Galera Spouses as their tenants, and that there was a delivery of harvest shares.[79]

As the Court of Appeals further found, Lorenzo Balao-as, a tribal leader in Danglas, Abra, also corroborated the sharing arrangement of the farm produce in his affidavit. He testified that the Galera Spouses and the Bayles, whom he knew personally, agreed on a 50-50 sharing arrangement. He also affirmed that it is a practice in Danglas, Abra that for one to be a tenant, he or she may simply secure the landowner's verbal consent, without any written agreement.[80]

The Court of Appeals' factual findings are substantially based on the evidence on record, and must not be disturbed on appeal.

Nonetheless, even if the Bayles had not expressly instituted the Galera Spouses as tenants, agricultural tenancy may be established either expressly or impliedly. Section 7 of Republic Act No. 1199 states:

> SECTION 7. Tenancy Relationship; How established; Security of Tenure. — Tenancy relationship may be established either verbally or in writing, expressly or impliedly. Once such relationship is established, the tenant shall be entitled to security of tenure as hereinafter provided.

In *Santos*, this Court held:

> While this may be true, the fact that respondent, assisted by members of her immediate farm household, was allowed to continue to cultivate the land under the same terms of tenancy from 1952 up to 1958 when she was ejected, made her, in her own right, a tenant by virtue of Section 7 of Republic Act 1199 which provides that tenancy relationship may be established either expressly or impliedly. In this case, such tenancy relationship resulted from the conduct of both the tenant and the landholder represented by his overseer in permitting the tilling of the soil for a period of 6 years.[81]

Section 5 of Republic Act No. 3844 also allows agricultural leasehold relations to be established impliedly:

> SECTION 5. Establishment of Agricultural Leasehold Relation. — The agricultural leasehold relation shall be established by operation of law in accordance with Section four of this Code and, in other cases, either orally or in writing, expressly or impliedly.

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[79] Id. at 41–43.
[80] Id. at 43.
[81] *Santos v. vda. de Cerdenola*, 115 Phil. 813, 819 (1962) [Per J. Barrera, En Banc].

Petitioners argue that *Santos* is not applicable, maintaining that *Reyes* and *Heirs of Magpily* should instead apply. They are mistaken.

In those cases, this Court ruled that the existence of agricultural tenancy cannot be concluded based only on the self-serving statements of one (1) of the parties. In both *Reyes*[82] and *Heirs of Magpily*,[83] the parties claiming that an agricultural tenancy existed did not adduce evidence of the landowners' intent to institute them as tenants. They also failed to show the presence of a sharing arrangement as required by agricultural tenancy. In both cases, the reason why this Court found no such arrangement existed was not because there was no express agreement, but because there was no proof showing the parties' intent to enter into a tenancy agreement.

An express agreement of agricultural tenancy is not necessary. The tenancy relationship can be implied from the conduct of the parties. Here, the Court of Appeals found that respondents had been tilling and cultivating the lands since 1990, and that the Bayle Spouses had been receiving their share of the harvest. After the spouses' death, respondents continued to deliver the landowner's share of the harvest to the heirs, through Romeo. These indicate that the Bayle Spouses, and later Romeo, their successor-in-interest, had known and consented to the tenancy arrangement.

III

In agricultural leasehold relations, the agricultural lessor—who can be the owner, civil law lessee, usufructuary, or legal possessor of the land—grants his or her land's cultivation and use to the agricultural lessee, who in turn pays a price certain in money, or in produce, or both.[84]

The definition and elements of leasehold tenancy relations are similar to those of share tenancy.[85] A slight difference, however, exists: a leasehold relation is not extinguished by the mere expiration of the contract's term or period, nor by the sale or transfer of legal possession of the land to another. Section 10 of Republic Act No. 3844 states:

> SECTION 10. Agricultural Leasehold Relation Not Extinguished by Expiration of Period, etc. — The agricultural leasehold relation under this Code shall not be extinguished by mere expiration of the term or period in a leasehold contract nor by the sale, alienation or transfer of the legal possession of the landholding. In case the agricultural lessor sells,

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[82] 551 Phil. 345, 354 (2007) [Per J. Sandoval-Gutierrez, First Division].

[83] 511 Phil. 14, 24–25 (2005) [Per J. Ynares-Santiago, First Division].

[84] Dissenting Opinion of J. Leonen, *J.V. Lagon Realty Corporation v. Heirs of vda. de Terre*, G.R. No. 219670, June 27, 2018, <http://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/64252> [J. Martires, Third Division] *citing* R.P. BARTE, LAW ON AGRARIAN REFORM 6–7 (2003).

[85] Id. *citing Cuaño v. Court of Appeals*, 307 Phil. 128, 141 (1994) [Per J. Feliciano, Third Division].

> alienates or transfers the legal possession of the landholding, the purchaser or transferee thereof shall be subrogated to the rights and substituted to the obligations of the agricultural lessor.

Thus, the agricultural lessor is not prohibited from selling or disposing of the property. In case he or she does, the agricultural leasehold relation subsists.

Corollary to this, the law also grants the agricultural lessee the right to preempt an intended sale. But if the property has been sold without the agricultural lessee's knowledge, he or she shall have the right to redeem the property, as in line with the law's objective of allowing tenant-farmers to own the land they cultivate.

Section 12 of Republic Act No. 3844, as amended,[86] states:

> SECTION 12. Lessee's Right of Redemption. — In case the landholding is sold to a third person without the knowledge of the agricultural lessee, the latter shall have the right to redeem the same at a reasonable price and consideration: Provided, That where there are two or more agricultural lessees, each shall be entitled to said right of redemption only to the extent of the area actually cultivated by him. The right of the redemption under this Section may be exercised within one hundred eighty days from notice in writing which shall be served by the vendee on all lessees affected and the Department of Agrarian Reform upon the registration of the sale, and shall have priority over any other right of legal redemption. The redemption price shall be the reasonable price of the land at the time of the sale.
>
> Upon the filing of the corresponding petition or request with the department or corresponding case in court by the agricultural lessee or lessees, the said period of one hundred and eighty days shall cease to run.
>
> Any petition or request for redemption shall be resolved within sixty days from the filing thereof; otherwise, the said period shall start to run again.

Under the law, the agricultural lessor must first inform the agricultural lessee of the sale in writing. From this point, a 180-day period commences, within which the agricultural lessee must file a petition or request to redeem the land. The written notice shall be served on the agricultural lessee as well as on the Department of Agrarian Reform upon registration of the sale.

The right of redemption granted to the agricultural lessee enjoys preference over any other legal redemption that may be exercised over the property. Upon filing of the petition or request, the 180-day period shall

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[86] Republic Act No. 3844 (1963), sec. 12, as amended by Republic Act No. 6389 (1971), sec. 2.

cease to run, and will commence again upon the resolution of the petition or request or within 60 days from its filing.

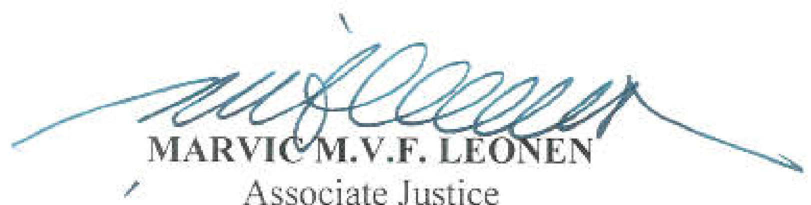
Here, since the Court of Appeals found that respondents are the agricultural tenants of the landholdings, they are also entitled to the right of redemption. Accordingly, respondents may exercise their right to purchase the lots by paying a reasonable price of the land at the time of the sale.

Our agrarian reform laws are witness to the country's attempts at reversing unjust structures developed throughout centuries of oppressive land regimes. Agrarian justice aims to liberate sectors that have been victimized by a system that has perpetuated their bondage to debt and poverty. Its goal is to dignify those who till our lands—to give land to those who cultivate them.

The protection of tenancy relations is only one of agrarian reform's significant features. The State, acknowledging that tenancy relations have an inherent imbalance that disadvantages farmer-tenants and privileges landowners, sought to it that this relationship is regulated so that social justice might be achieved. Ultimately, the program aims to remove farmer-tenants from the system that had once oppressed them by making the tenant, once just the tiller, owner of his or her land.

WHEREFORE, the Petition is **DENIED**. The assailed June 22, 2012 Decision and January 7, 2013 Resolution of the Court of Appeals in CA-G.R. SP No. 115608 are **AFFIRMED**.

SO ORDERED.



MARVIC M.V.F. LEONEN
Associate Justice

WE CONCUR:

ALEXANDER G. GESMUNDO
Associate Justice

ROSMARI D. CARANDANG
Associate Justice

RODIL V. ZALAMEDA
Associate Justice

SAMUEL H. GAERLAN
Associate Justice

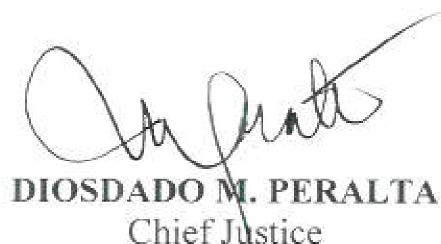
ATTESTATION

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.

MARVIC M.V.F. LEONEN
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.



DIOSDADO M. PERALTA
Chief Justice