7

Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

NOTICE

Sirs/Mesdames:

Please take notice that the Court's First Division, issued a Resolution dated **August 31, 2022** *which reads as follows:*

"G.R. No. 241419 ***(Lolita Martin, petitioner vs. Rosita Manlutac, respondent).*** – This is an appeal by *certiorari*[1] filed under Rule 45 of the Rules of Court assailing the February 27, 2018 Decision[2] and July 31, 2018 Resolution[3] of the Court of Appeals *(CA)* in CA-G.R. SP No. 150194, which upheld the tenancy relation between the parties and ruled that Rosita Manlutac *(respondent)* did not violate their Agricultural Leasehold Contract *(ALC)*.[4] The CA reversed the July 15, 2016 Decision[5] of the Department of Agrarian Reform Adjudication Board *(DARAB)*, which ruled against respondent for violating the lease agreement when she subleased the land to another person. The CA reinstated the August 29, 2014 Decision[6] of the Office of the Provincial Agrarian Reform Adjudicator *(PARAD)*.

Antecedents

Bonifacio Martin *(Bonifacio)*, now deceased, was the registered owner of a 54,517-square meter parcel of land located in Sinipit, Cabiao, Nueva Ecija, covered by Original Certificate of Title *(OCT)* No. P-11029, the property subject of the dispute.[7]

---

[1] *Rollo*, pp. 11-31.
[2] Id. at 33-40; penned by Associate Justice Mario V. Lopez (now a Member of this Court), with Associate Justices Victoria Isabel A. Paredes and Ronaldo Roberto B. Martin, concurring.
[3] Id. at 42-44.
[4] Id. at 101-104.
[5] Id. at 66-76; penned by DARAB Member Jim G. Coleto, with DARAB Chairman Virgilio R. Delos Reyes and DARAB Members Luis Meinrado C. Pañgulayan, Rosalina L. Bistoyong, Justin Vincent J. La Chica, Ma. Patricia Rualo-Bello, and Myrna O. Del Socorro, concurring.
[6] Id. at 184-189; penned by Provincial Adjudicator Atty. Erriza Dawn B. Narciso.
[7] Id. at 66.

The controversy arose when Lolita Martin *(petitioner)*, widow of Bonifacio, filed a *Petition with Motion for Supervision of Harvest*[8] before the DARAB against respondent, Joselito P. Camua *(Joselito)*, and Ruel G. Clemente *(Clemente)*, docketed as DARAB Case No. 10490'SNE'13. Respondent and Joselito assumed possession of the subject land as heirs of Concepcion Manlutac *(Manlutac)* and Armando Camua *(Camua)*, respectively. Respondent and Joselito claimed their right to each till a 2.7-hectare portion of the 5.4-hectare property pursuant to Agricultural Leasehold Contracts[9] *(ALCs)* executed by their predecessors-in-interest with petitioner's son, Roberto Martin *(Roberto)*, on August 16, 2007. Petitioner alleged that the contracts are void because Roberto had no authority to lease the land, as she was the owner thereof, not her son.[10]

Alternatively, petitioner posits that respondent violated the ALC because respondent failed to pay lease rentals for several years, and even mortgaged and subleased a portion of the land to Clemente on July 1, 2012, in violation of Republic Act *(R.A.)* No. 3844.[11] The agreement between respondent and Clemente was embodied in a *Kasunduan*,[12] which reads as follows:

KASUNDUAN

SA KINAUUKULAN:

Ito ay KASUNDUAN sa pagitan ni, Rosita S. Manlutac at Gng. Mylene M. Mamaril, may sapat na gulang, Pilipino, kapwa naninirahan sa Purok 6, Barangay Sinipit, Cabiao, Nueva Ecija, ang siyang sinasaad na Unang Panig;

At Ruel G. Clemente, may sapat na gulang, Pilipino, kapwa naninirahan sa Purok 6, Barangay Sinipit, Cabiao, Nueva Ecija, ang siyang sinasaad na Ikalawang Panig;

HUMIRAM ng halagang (₱300,000.00) (THREE HUNDRED THOUSAND PESOS) perang Pilipino, ang Unang-panig sa Ikalawang-panig;

Bilang-konsederasyon, ipinahihiram ng Unang panig ang kanyang sinasakang-Bukid, may kaukulang sukat na (2.7, hektarya) (27,000 square meters, (humigit kumulang), matatagpuan sa PELAYO ESTATE, Sinipit, Cabiao, N. Ecija[;]

---

[8] Id. at 87-90.
[9] Id. at 101-108.
[10] Id. at 185.
[11] 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. Otherwise known as the "Agricultural Land Reform Code." Approved: August 8, 1963.
[12] *Rollo*, pp. 73-74.

> IPINAHIHIRAM ng Unang-panig ang Bukid na nabanggit sa Ikalawang panig ng (5-taon LIMANG TAON), mula ngayon, July 1, 2012. Sumang-ayon din ang Ikalawang-panig na, magbibigay ng BUWIS SA BUKID habang sinasaka ito ng (9 Thousand Pesos) (SIYAM NA LIBONG PISO[)] at babayaran ang BAYAD SA PATUBIG ayon sa umiiral na bayarin dito.
>
> NAGKASUNDO PA RIN, kung dumating ang takdang panahon ng napagkasunduan na hindi nabayaran ang halagang hiniram, binibigyan pa rin ng buong karapatan na sakahin ng Ikalawang-panig ang Bukid na nabanggit sa itaas nito.[13]

On the other hand, respondent and Joselito claimed that they were unable to deposit lease rentals for the years 2011 to 2013 because petitioner was abroad and, when she came back, she refused to receive the same. Thus, they deposited the lease rentals with the Municipal Treasurer of Cabiao, Nueva Ecija, which held the same as trust fund.[14]

Ruling of the PARAD

In a August 29, 2014 Decision, the PARAD ruled in favor of respondent and Joselito, dismissing petitioner's complaint for recovery of possession of the subject land, and ordering the release of the rental deposits to petitioner.[15]

The PARAD rejected petitioner's contention that she had no knowledge of the ALCs. Petitioner had earlier instituted another action to recover possession of the subject land (DARAB Case No. 10061, previously Reg. Case No. 04985 SNE'2000) against Camua and Manlutac. There, the DARAB found that Camua and Manlutac were *bona fide* tenants of the subject landholdings, and ordered petitioner to maintain the subject property in their possession as well as the cultivation thereof. The DARAB likewise ordered the parties, "with the assistance of the MARO[16] or PARO,[17] to execute a new agricultural leasehold agreement."[18]

The PARAD in the instant case found that the ALCs entered into by Roberto were executed in compliance with the decision in DARAB Case No. 10061, which had become final and executory, and concluded that they could not have been executed without petitioner's knowledge and consent. Moreover, title over the property is still registered in the name of Bonifacio, and hence, petitioner is not the registered owner thereof. Upon Bonifacio's death, rights over the subject landholding were transmitted not only to his

---

[13] *Rollo*, pp. 73-74.
[14] Id. at 187.
[15] Id. at 189.
[16] Municipal Agrarian Reform Officer.
[17] Provincial Agrarian Reform Officer.
[18] Id. at 187.

wife, but to his children as well. Further, the fact that petitioner was seeking for ejectment and collection of unpaid lease rentals would presuppose the existence of a valid tenancy relationship.[19]

As to the issue of payment of lease rentals, the PARAD found that the trust fund, representing the rental deposit with the Office of the Municipal Treasurer of Cabiao, Nueva Ecija, disproved petitioner's claim that respondent and Joselito's failure to pay lease rentals was willful and deliberate.[20]

Finally, the PARAD held that petitioner failed to substantiate her claim that respondent actually subleased the subject property.[21]

The dispositive portion of the PARAD decision reads:

> WHEREFORE, in the light of the foregoing, judgment is hereby rendered as follows:
>
> 1.) DISMISSING the petition for LACK OF MERIT; [and]
>
> 2.) ORDERING the Municipal Treasurer of Cabiao, Nueva Ecija to release the amount of [Twenty-Seven] Thousand Pesos [(₱27,000.00)] deposited by the respondent Joselito Camua and the other [Twenty-Seven] Thousand Pesos [(₱27,000.00)] deposited by Rosita Manlutac, which were held in trust as lease rental deposits, in favor of the petitioner Lolita Martin.
>
> SO ORDERED.[22]

However, upon motion for reconsideration by petitioner, the PARAD, in a January 9, 2015 Resolution, reversed her earlier ruling and declared that there was sufficient ground to extinguish the tenancy relationship between petitioner and respondent, while maintaining Joselito's right to peaceful possession of the property. The dispositive portion of the resolution reads:

> WHEREFORE, the Motion for Reconsideration is GRANTED. Accordingly, a new judgment is hereby rendered as follows:
>
> 1. DECLARING the extinguishment of tenancy relationship between Lolita Martin and Rosita Manlutac;

---

[19] Id. at 188.
[20] Id. at 188-189.
[21] Id. at 189.
[22] Id.

> 2. ORDERING the respondent Rosita Manlutac and/or Ruel Clemente or any person [acting] for and in their behalves (sic) to vacate the 2.7 hectares landholding and peacefully turn over the same in favor of the petitioner Lolita Martin;
>
> 3. MAINTAINING the respondent Joselito Camua in peaceful possession of the 2.7 hectares;
>
> 4. ORDERING the respondent Joselito Camua to faithfully comply with the terms and conditions of the payment of lease rentals; [and]
>
> 5. ORDERING the Municipal Treasurer of Cabiao, Nueva Ecija to release the amount of [Twenty-Seven] Thousand Pesos [(₱27,000.00)] deposited by the respondent Joselito Camua and the other [Twenty-Seven] Thousand Pesos [(₱27,000.00)] deposited by Rosita Manlutac, which were held in trust as lease rental deposits, in [favor] of the petitioner Lolita Martin.
>
> SO ORDERED.[23]

The PARAD explained that respondent's averment that the subject property was not subleased was negated by the stipulations in the *Kasunduan*. Respondent sought reconsideration, but was denied by the PARAD in a May 25, 2015 Order.[24] Aggrieved, respondent filed a notice of appeal.

Ruling of the DARAB

The appeal was docketed as DARAB Case No. 18712. In its July 15, 2016 Decision, the DARAB affirmed the January 9, 2015 Resolution of the PARAD. It found that the *Kasunduan* entered into by the respondent was a sublease, which is a violation of Section 27[25] of R.A. No. 3844, and consequently a ground for dispossession of a lessee under Sec. 36[26] of the same law. The decretal portion of the DARAB decision reads:

---

[23] *Rollo*, p. 17; CA *rollo* pp. 22-23.

[24] CA *rollo*, pp. 140-142.

[25] SEC. 27. *Prohibitions to Agricultural Lessee.* — It shall be unlawful for the agricultural lessee:

> x x x x
>
> (2) To **employ a sub-lessee** on his landholding: *Provided, however*, That in case of illness or temporary incapacity he may employ laborers whose services on his landholding shall be on his account. (emphasis supplied)

[26] SEC. 36. *Possession of Landholding; Exceptions.* — Notwithstanding any agreement as to the period or future surrender of the land, an agricultural lessee shall continue in the enjoyment and possession of his landholding except when his dispossession has been authorized by the Court in a judgment that is final and executory if after due hearing it is shown that:

> x x x x
>
> (2) The agricultural lessee failed to substantially comply with any of the terms and conditions of the contract or any of the provisions of this Code unless his failure is caused by fortuitous event or *force majeure*;
>
> x x x x

WHEREFORE, the Appeal is **DENIED** for lack of merit and the appealed Resolution is **AFFIRMED in toto**.

SO ORDERED.[27]

Undaunted, petitioner filed a petition for review on *certiorari* under Rule 43 of the Rules of Court,[28] elevating the matter to the CA.

Ruling of the CA

In its February 27, 2018 Decision, the CA reversed the ruling of the DARAB. According to the CA, the grounds for extinguishment of agricultural leasehold relations and causes for dispossession and ejectment of agricultural lessees are specified in Secs. 8,[29] 28,[30] and 36[31] of R.A. No. 3844. In this case, the mortgage of the landholding or tenancy rights is not among the causes that could justify the termination of the leasehold relations and ejectment of the agricultural tenant.[32]

It explained that to warrant the dispossession of a lessee, the lessor must show the existence of a lawful cause for ejectment by clear and convincing evidence. Here, there was insufficient evidence to establish that the *Kasunduan* between respondent and Clemente amounted to an actual sublease over the landholdings. The evidence before the PARAD and DARAB failed to establish that there was actual transfer of possession of the landholding for a fixed term or a fixed rental.[33]

The *fallo* of the CA decision reads:

---

(6) The agricultural lessee does not pay the lease rental when it falls due: *Provided*, That if the non-payment of the rental shall be due to crop failure to the extent of seventy-five *per centum* as a result of a fortuitous event, the non-payment shall not be a ground for dispossession, although the obligation to pay the rental due that particular crop is not thereby extinguished; or

(7) **The lessee employed a sub-lessee** on his landholding in violation of the terms of paragraph 2 of Section twenty-seven. (emphasis supplied)

[27] *Rollo*, p. 76.

[28] Id. at 52-61.

[29] SEC. 8. *Extinguishment of Agricultural Leasehold Relation.* — The agricultural leasehold relation established under this Code shall be extinguished by:

x x x x

(2) Voluntary surrender of the landholding by the agricultural lessee, written notice of which shall be served three months in advance[.]

[30] SEC. 28. *Termination of Leasehold by Agricultural Lessee During Agricultural Year.* — The agricultural lessee may terminate the leasehold during the agricultural year for any of the following causes:

x x x x

(2) Non-compliance on the part of the agricultural lessor with any of the obligations imposed upon him by the provisions of this Code or by his contract with the agricultural lessee[.]

[31] SEC. 36, R.A. No. 3844.

[32] *Rollo*, p. 38.

[33] Id.

FOR THESE REASONS, the petition is **GRANTED**. The July 15, 2016 Decision of the Department of Agrarian Reform Adjudication Board is **SET ASIDE** and the August 29, 2014 Decision of the Office of the Provincial Agrarian Reform Adjudicator is **REINSTATED**.

SO ORDERED.[34]

Petitioner moved for reconsideration before the CA, but the same was denied in its July 31, 2018 Resolution,[35] hence this appeal.

Issues

Petitioner, in assailing the adverse CA decision and resolution, submits the following arguments:

1. There is no valid tenancy relationship, and consequently, respondent has no security of tenure because the ALC is void since it was entered into by one who was not authorized to lease the land; and

2. Alternatively, assuming that the ALC is valid, respondent violated the same by mortgaging and subleasing the property to Clemente, and by failing to pay lease rentals due thereon.

The Court's Ruling

The petition has no merit.

There was a valid tenancy relationship between petitioner and respondent.

Petitioner maintains that she is the true and registered owner of the subject property. She submits that there was no valid tenancy relationship because the ALC was entered into by her son, Roberto, who was not authorized to lease the landholding.

The burden of proof is on the individual asserting a lack of capacity to contract, and this burden has been characterized as requiring for its satisfaction clear and convincing evidence.[36] To prove her allegation of ownership, petitioner submitted, together with her initiatory pleading before the PARAD, a copy of OCT No. P-11029. She likewise asserted that she was declared absolute owner of the subject property together with Bonifacio

---

[34] Id. at 40.
[35] Id. at 42-44.
[36] *First Philippine Holdings Corp. v. Trans Middle East (Phils.) Equities, Inc.*, 622 Phil. 623, 629 (2009).

in a civil case affirmed by the CA in CA-G.R. CV No. 14696, and attached a copy of the Entry of Judgment from the CA dated November 24, 1989.[37]

Unfortunately for petitioner, the foregoing evidence she adduced are insufficient to prove her claim of absolute ownership to the exclusion of her son Roberto. To begin with, OCT No. P-11029 appears to be registered in the name of Bonifacio alone. While a portion of the OCT states "BONIFACIO C. MARTIN, Filipino, of legal age[,] married to Lolita Roque," this is not tantamount to the property also being registered in petitioner's name. As to CA-G.R. CV No. 14696, no copy of the decision was attached to the records, and thus, the Court is left to guess as to its full import. It is basic that the Court does not take judicial notice of proceedings in the various courts of justice in the Philippines.

But even if the allegation of petitioner is to be taken at face value – that Bonifacio and petitioner were declared as absolute owners of the property with finality in 1989 – circumstances had changed at the time of the execution of the ALC in 2007. Significantly, Bonifacio had already passed away at this point in time.[38] Invariably, Bonifacio's rights as owner over the subject property would have already passed on to his heirs, and not necessarily to petitioner exclusively. Notably, when petitioner instituted DARAB Reg. Case No. 04985'SNE (DARAB Case No. 10061), she did not do so in her own name, but in representation of the Heirs of Bonifacio C. Martin. She filed the case in her own behalf and in behalf of her children.[39]

Significantly, the DARAB decision and resolution, which petitioner prays to be reinstated in the instant case, made no findings regarding petitioner's claim of absolute ownership over the subject property, and based its disposition specifically on what it perceived to be a violation of the ALC. For the DARAB to have found that the agreement had been violated, it would have to necessarily uphold the valid and binding character of the contract in the first place.

In summary, petitioner sorely failed to prove her claim that she was the only person who could execute a leasehold agreement over the subject property, or that Roberto had no authority to execute the same.

With petitioner failing to establish her allegation regarding the infirmity of the ALC, the Court upholds the validity of Manlutac's institution as agricultural lessee. Upon the latter's death, she was substituted by her daughter, respondent herein.[40] It is the right of respondent to cultivate

---

[37] *Rollo*, p. 87.
[38] Id. at 95; while the exact date of death does not appear to have been alleged in the pleadings, records show that Bonifacio had died even before the resolution of DARAB Reg. Case No. 04985'SNE on July 12, 2000.
[39] *See* CA *rollo*, p. 104.
[40] SEC. 9, R.A. No. 3844 provides:

the landholding until such lease is legally extinguished, and she may only be ejected from the land for causes provided by law, and as appropriately determined by the courts.[41]

There is no valid ground to terminate the agricultural leasehold contract.

Tenancy relations are presumed valid and subsisting, except for reasons provided by law which must be clearly and convincingly shown by evidence. In proving whether there was a violation of the contract, the burden of proof rests upon the agricultural lessor to prove that a lawful cause exists to eject the lessee.[42]

Agricultural tenants are entitled to security of tenure. Under Sec. 7, R.A. No. 3844, a lessee may only be ejected for valid causes provided in the law, thus:

> SECTION 7. *Tenure of Agricultural Leasehold Relation.* — The agricultural leasehold relation once established shall confer upon the agricultural lessee the right to continue working on the landholding until such leasehold relation is extinguished. The agricultural lessee shall be entitled to security of tenure on his landholding and cannot be ejected therefrom unless authorized by the Court for causes herein provided.

Sec. 36 of the same enumerates the grounds upon which an agricultural lessee may be validly dispossessed of the landholding, to wit:

> SECTION 36. *Possession of Landholding; Exceptions.* — Notwithstanding any agreement as to the period or future surrender of the land, an agricultural lessee shall continue in the enjoyment and possession of his landholding except when his dispossession has been authorized by the Court in a judgment that is final and executory if after due hearing it is shown that:
>
> x x x x

SECTION 9. *Agricultural Leasehold Relation Not Extinguished by Death or Incapacity of the Parties.* — In case of death or permanent incapacity of the agricultural lessee to work his landholding, the leasehold shall continue between the agricultural lessor and the person who can cultivate the landholding personally, chosen by the agricultural lessor within one month from such death or permanent incapacity, from among the following: (a) the surviving spouse; (b) the eldest direct descendant by consanguinity; or (c) the next eldest descendant or descendants in the order of their age: *Provided*, That in case the death or permanent incapacity of the agricultural lessee occurs during the agricultural year, such choice shall be exercised at the end of that agricultural year: *Provided, further,* That in the event the agricultural lessor fails to exercise his choice within the periods herein provided, the priority shall be in accordance with the order herein established.

x x x x

[41] SEC. 36, R.A. No. 3844.

[42] SEC. 37, R.A. No. 3884 provides:

SECTION 37. *Burden of Proof.*—The burden of proof to show the existence of a lawful cause for the ejectment of an agricultural lessee shall rest upon the agricultural lessor.

> (2) The agricultural lessee failed to substantially comply with any of the terms and conditions of the contract or any of the provisions of this Code unless his failure is caused by fortuitous event or *force majeure*;
>
> x x x x
>
> (6) The agricultural lessee does not pay the lease rental when it falls due: *Provided*, That if the non-payment of the rental shall be due to crop failure to the extent of seventy-five *per centum* as a result of a fortuitous event, the non-payment shall not be a ground for dispossession, although the obligation to pay the rental due that particular crop is not thereby extinguished; or
>
> (7) The lessee employed a sub-lessee on his landholding in violation of the terms of paragraph 2 of Section twenty-seven.

Relative to subparagraph (7) of the foregoing provision, Sec. 27 provides:

> SECTION 27. *Prohibitions to Agricultural Lessee.* — It shall be unlawful for the agricultural lessee:
>
> x x x x
>
> (2) To employ a sub-lessee on his landholding: *Provided, however*, That in case of illness or temporary incapacity[,] he may employ laborers whose services on his landholding shall be on his account.

There is no sufficient proof that the landholding was actually subleased.

Respondent maintains that the execution of the *Kasunduan* was not intended to effect a subleasing of the subject property. Respondent points to the fact that she is a mere tenant farmer who was constrained to borrow money from Clemente to pay for hospital bills and medicines. Instead, the *Kasunduan* was a simple loan agreement, and the inclusion of the landholdings therein was a mere formality or custom in such loan agreements where she is from. Verily, the Court should not rely solely on the stipulations in the *Kasunduan.*

The cardinal rule in the interpretation of contracts is to the effect that the intention of the contracting parties should always prevail because their

will has the force of law between them.[43] To this end, the Civil Code teaches us that "[i]n order to judge the intention of the contracting parties, their contemporaneous and subsequent acts shall be principally considered."[44] Further, "[i]f the words [of the contract] appear to be contrary to the evident intention of the parties, the latter shall prevail over the former."[45] Likewise, in the interpretation of contracts, the Rules of Evidence provide that: "[f]or the proper construction of an instrument, the circumstances under which it was made, including the situation of the subject thereof and of the parties to it, may be shown, so that the judge may be placed in the position of those whose language he is to interpret."[46]

Applying the foregoing concepts, the Court has given way to interpretations of contracts to determine the intention of the parties based on their contemporaneous and subsequent acts, even if the terms of a contract, as stated on the face of an instrument, appear to be otherwise clear and certain. In *Marquez v. Espejo*,[47] a controversy arose involving two parcels of agricultural land - one of which was subject of a deed of sale, while the other was transferred through deeds of voluntary land transfer in favor of the tenants. The deeds had specific reference to the respective transfer certificate of title *(TCT)* numbers of the two lots involved. The CA in that case ruled that the TCT numbers indicated on the deeds are controlling in determining which property was covered by each transaction. The Court on the other hand, taking into consideration the actions of the parties involved contemporaneous with and subsequent to the execution of the deeds, determined that while the documents expressly indicated the TCTs involved, the intention of the parties had been otherwise, and there was a mix-up of the TCT numbers. Correspondingly, the Court ordered the correction of the relevant documents to reflect the true intent of the parties.

Here, respondent alleges that the inclusion of the subject lot in the *Kasunduan* was a mere formality and that from its inception, Clemente was aware that respondent was a mere agricultural lessee who had no power to sublease or mortgage the subject lot. Respondent insists that she continued the cultivation of the land, which allowed her to repay her debts. From the execution of the *Kasunduan* until the full payment of her debt, she remained in possession of the subject land, and Clemente never entered the property nor cultivated the same. To corroborate her claim, respondent presented the *Sinumpaang Salaysay* of Clemente, the significant portion of which reads:

---

[43] *Bank of the Philippine Islands v. Pineda*, 240 Phil. 384, 394 (1987), citing *Kasilag v. Rodriguez*, 69 Phil. 217, 225 (1939).
[44] CIVIL CODE OF THE PHILIPPINES, Art. 1371.
[45] CIVIL CODE OF THE PHILIPPINES, Art. 1370.
[46] RULES OF COURT, Rule 130, Sec. 13.
[47] 643 Phil. 341 (2010).

> 4. Na ako si Ruel Clemente ay ni minsan ay hindi tumuntong o nagsaka sa lupang pinag-uusapan bagkus ay naningil lamang ng interest o tubo sa perang aking ipinahiram sa pamilyang Manlutac.
>
> 5. Na ang perang hiniram ni Rosita Manlutac ay naisuli na sa akin noong Oktubre 2014.[48]

Interestingly, the PARAD and DARAB did not give credence to the *Sinumpaang Salaysay* because it was unnotarized.[49] This is a grave error.

Sec. 3, Rule I of the 2009 DARAB Rules of Procedure directs that proceedings before agrarian reform adjudicators are not bound by technical rules, to wit:

> SECTION 3. *Technical Rules Not Applicable.* — **The Board and its Regional and Provincial Adjudication Offices shall not be bound by technical rules of procedure and evidence as prescribed in the *Rules of Court*,** but shall proceed to hear and decide all agrarian cases, disputes or controversies in a most expeditious manner, employing all reasonable means to ascertain the facts of every case in accordance with justice and equity.
>
> a) If and when a case comes up for adjudication wherein there is no applicable provision under these rules, the procedural law and jurisprudence generally applicable to agrarian disputes shall be applied[;]
>
> b) The Adjudication Board (Board), and its Regional Agrarian Reform Adjudicators (RARADs) and Provincial Agrarian Reform Adjudicators (PARADs) hereinafter referred to as the Adjudicators, shall have the authority to adopt any appropriate measure or procedure in any given situation or matter not covered by these rules. All such special measures or procedures and the situations to which they have been applied must be reported to the Board[; and]
>
> c) The provisions of the Rules of Court shall not apply even in suppletory character unless adopted herein or by resolution of the Board. (emphasis supplied)

In addition, Sec. 2, Rule I of the 2009 DARAB Rules of Procedure instructs that the said Rules should be liberally construed to carry out the intent of the law to promote just, expeditious, and inexpensive adjudication and settlement of agrarian cases, disputes, or controversies.

Not bound by the technical rules of procedure, the PARAD and the DARAB should not have completely disregarded the *Sinumpaang Salaysay* of Clemente. Despite being unnotarized, the PARAD and the DARAB should have admitted the same and accorded it probative value.

---

[48] *Rollo*, p. 34.
[49] Id. at 39.

On another note, both parties made reference to the case of *Ferrer v. Carganillo*[50] in their pleadings. However, said case tends to support the conclusion that petitioner, as landowner, failed to establish her case by sufficient evidence.

The aforementioned case involved several agricultural tenancy cases. In DARAB Case No. 7862, the Court ruled that the tenant therein had subleased his landholdings to his brother based on a confluence of evidence. Aside from the tenant's written affirmation of indebtedness to his brother, the evidence included the report of the Municipal Agrarian Reform Officer, the landowner's allegation, and the affidavit of a neighbor, all of which tended to show that the brother had actual possession of the subject landholding.

In the same decision, the Court, in resolving DARAB Case No. 7863, held that the landowner failed to discharge the burden of establishing her claim of sublease. The evidence offered by the landowner therein consisted of the affidavit of a neighbor claiming that the original tenant had subleased it to another and that it was common knowledge in the community that the sublessee was actually cultivating the property. The Court therein deemed such evidence to be uncorroborated and unsubstantial.

In this case, the fact of sublease was merely alleged by petitioner, who offered no evidence to corroborate her claim. Neither did petitioner attempt to dispute the allegation of respondent that she continued to cultivate the land, and that Clemente never took possession of the subject property. All told, petitioner failed to overcome her burden of proving, clearly and convincingly, that there was an actual transfer of the landholding.

Petitioner failed to substantiate
her claim that respondent
mortgaged the landholding.

On the allegation that respondent may be ejected for mortgaging the subject property, it is worth mentioning that aside from making such conclusion of law, petitioner failed to cite any legal argument to support such claim. While a perusal of the records indeed reveals that the ALC contains a proviso "[t]hat it shall be unlawful for the AGRICULTURAL LESSEE to mortgage/sell his/her leasehold rights over the landholding;"[51] the Court finds no legal justification to support petitioner's conclusion that respondent's property rights had actually been mortgaged.

The Court recognizes that in common parlance, a sublease may sometimes be referred to as a mortgage of tenancy rights. Indeed, the

[50] 634 Phil. 557 (2010).
[51] *Rollo*, p. 102.

DARAB, in its July 15, 2016 Decision, appears to have used the terms "mortgage" and "sublease" interchangeably.[52] However, the ALC clearly treats the two terms differently, as the prohibition of subleasing appears in paragraph 9.1, whereas the prohibition against mortgaging appears in paragraph 9.2.

Likewise, the CA, in its February 27, 2018 Decision, referred to the *Kasunduan* as a mortgage. However, aside from such statements, no discussions were made on why it was considered as such.

In any case, the Court hereby finds that the *Kasunduan* cannot be construed as a mortgage. Mortgages are accessory contracts constituted to secure the fulfillment of a principal obligation. The essence of a mortgage contract is that when the principal obligation becomes due, the thing mortgaged may be alienated for the payment to the creditor.[53] While the *Kasunduan* acknowledges that respondent borrowed a sum of money from Clemente, nothing in the agreement establishes that the subject property or the rights thereto may be alienated to settle the principal debt.

Delay in payment of lease rentals was neither willful nor deliberate

Failure to pay lease rentals must be willful and deliberate in order to be considered as ground for dispossession of an agricultural tenant.[54] For non-payment to be considered as "deliberate," it must be characterized by or result from slow, careful, thorough calculation and consideration of effects and consequences. On the other hand, for it to be considered as "willful," the non-payment must be governed by will without yielding to reason or without regard to reason.[55]

Petitioner was found to have been out of the country from 2011 to 2013. Thus, it was physically impossible for respondent to tender payment to petitioner during such period. And, despite respondent's attempt to tender payment upon petitioner's return, it was petitioner who refused to accept payment. Indeed, respondent sought other legal means of tendering payment, such as by depositing the rentals with the Municipal Treasurer of Cabiao, Nueva Ecija.

---

[52] Id. at 74:

> In this case, petitioner-appellee had substantially proven that respondent-appellant, Manlutac[,] **mortgaged the land to Clemente**, despite the fact that the latter [sic] had been expressly prohibited from contracting a mortgage/employing a sub-lessee, as stated in the [Agricultural Leasehold Contract]. Clearly, the document signed by both parties is **an admission of sub-lease**, which is one of the grounds of dispossession under the existing agrarian laws and regulations, x x x. (emphases supplied)

[53] CIVIL CODE OF THE PHILIPPINES, Art. 2087.

[54] *Antonio v. Manahan*, 671 Phil. 705, 716 (2011).

[55] *Sta. Ana v. Spouses Carpo*, 593 Phil. 108, 131 (2008).

Accordingly, it cannot be gainsaid that respondent's non-payment was willful or deliberate, and thus, it cannot be treated as a ground to warrant her dispossession of the subject landholding.

The Court, in a plethora of cases, has acknowledged the abject misfortune and dire circumstances our farmers are in. Due to poverty, many farmers and tenants are forced to mortgage their lands for money. Keeping this in mind, the Court's stance in resolving agrarian reform disputes rears liberally in favor of farmers and tenants in giving them greater security and more protection of their welfare and interests. In the interpretation and enforcement of tenancy laws, the Court and administrative officials shall solve all grave doubts in favor of the tenant.[56]

WHEREFORE, the petition is **DENIED**. The February 27, 2018 Decision and July 31, 2018 Resolution of the Court of Appeals in CA-G.R. SP No. 150194 are **AFFIRMED**.

SO ORDERED."

By authority of the Court:

LIBRADA C. BUENA
Division Clerk of Court

by:

MARIA TERESA B. SIBULO
Deputy Division Clerk of Court
100-II
SEP 27 2022

PUBLIC ATTORNEY'S OFFICE
Special and Appealed Cases Service
Counsel for Petitioner
5/F, DOJ Agencies Building
NIA Road cor. East Avenue, Diliman
1101 Quezon City

Court of Appeals (x)
Manila
(CA-G.R. SP No. 150194)

AGRARIAN REFORM
BENEFICIARIES LEGAL
ASSISTANCE DIVISION (ARBLAD)
Counsel for Respondent
BUREAU OF AGRARIAN LEGAL
ASSISTANT (BALA)
Department of Agrarian Reform
Elliptical Road, Diliman
1101 Quezon City

[56] *De Tanedo v. De la Cruz*, 143 Phil. 61, 64 (1970).

DEPARTMENT OF AGRARIAN
REFORM ADJUDICATION BOARD
(DARAB)
Annex Building, DAR Central
Office Compound
Diliman, 1101 Quezon City
(DARAB Case No. 18717)
[Reg. Case No. 10490'SNE'13]

Public Information Office (x)
Library Services (x)
Supreme Court
(For uploading pursuant to A.M.
No. 12-7-1-SC)

Philippine Judicial Academy (x)
Supreme Court

Judgment Division (x)
Supreme Court

100-II

UR