Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

MANUEL JUSAYAN, ALFREDO JUSAYAN, AND MICHAEL JUSAYAN Petitioners,	**G.R. No. 163928** Present: SERENO, *C.J.*, LEONARDO-DE CASTRO, BERSAMIN, PEREZ, and PERLAS-BERNABE, *JJ.*
- versus -	
JORGE SOMBILLA, Respondent.	Promulgated: JAN 2 1 2015

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D E C I S I O N

BERSAMIN, *J.*:

The Court resolves whether a lease of agricultural land between the respondent and the predecessor of the petitioners was a civil law lease or an agricultural lease. The resolution is determinative of whether or not the Regional Trial Court (RTC) had original exclusive jurisdiction over the action commenced by the predecessor of the petitioners against the respondent.

The Case

Under review on *certiorari* is the decision promulgated on October 20, 2003,[1] whereby the Court of Appeals (CA) reversed the judgment in

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[1] *Rollo*, pp. 87-93, penned by Associate Justice Juan Q. Enriquez, Jr. (retired), with the concurrence of Associate Justice Roberto A. Barrios (retired/deceased) and Associate Justice Arsenio J. Magpale (retired/deceased).

favor of the petitioners rendered on April 13, 1999 in CAR Case No. 17117 entitled *Timoteo Jusayan, Manuel Jusayan, Alfredo Jusayan and Michael Jusayan v. Jorge Sombilla* by the RTC, Branch 30, in Iloilo City.[2]

Antecedents

Wilson Jesena (Wilson) owned four parcels of land situated in New Lucena, Iloilo. On June 20, 1970, Wilson entered into an agreement with respondent Jorge Sombilla (Jorge),[3] wherein Wilson designated Jorge as his agent to supervise the tilling and farming of his riceland in crop year 1970-1971. On August 20, 1971, before the expiration of the agreement, Wilson sold the four parcels of land to Timoteo Jusayan (Timoteo).[4] Jorge and Timoteo verbally agreed that Jorge would retain possession of the parcels of land and would deliver 110 cavans of palay annually to Timoteo without need for accounting of the cultivation expenses provided that Jorge would pay the irrigation fees. From 1971 to 1983, Timoteo and Jorge followed the arrangement. In 1975, the parcels of land were transferred in the names of Timoteo's sons, namely; Manuel, Alfredo and Michael (petitioners). In 1984, Timoteo sent several letters to Jorge terminating his administration and demanding the return of the possession of the parcels of land.[5]

Due to the failure of Jorge to render accounting and to return the possession of the parcels of land despite demands, Timoteo filed on June 30, 1986 a complaint for recovery of possession and accounting against Jorge in the RTC (CAR Case No. 17117). Following Timoteo's death on October 4, 1991, the petitioners substituted him as the plaintiffs.

In his answer,[6] Jorge asserted that he enjoyed security of tenure as the agricultural lessee of Timoteo; and that he could not be dispossessed of his landholding without valid cause.

Ruling of the RTC

In its decision rendered on April 13, 1999,[7] the RTC upheld the contractual relationship of agency between Timoteo and Jorge;

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2 Id. at 49-55.
3 *Rollo*, pp. 31-32.
4 RTC records, pp 186-188.
5 Id. at 192 (Exhibit G, the letter dated October 17, 1984); at 195 (Exhibit H, the letter dated August 7, 1985); and at 197 (Exhibit I, the letter dated September 10, 1985).
6 Id. at 67-70.
7 Id. at 407-413.

and ordered Jorge to deliver the possession of the parcels of land to the petitioners.

Judgment of the CA

Jorge appealed to the CA.

In the judgment promulgated on October 20, 2003,[8] the CA reversed the RTC and dismissed the case, declaring that the contractual relationship between the parties was one of agricultural tenancy; and that the demand of Timoteo for the delivery of his share in the harvest and the payment of irrigation fees constituted an agrarian dispute that was outside the jurisdiction of the RTC, and well within the exclusive jurisdiction of the Department of Agriculture (DAR) pursuant to Section 3(d) of Republic Act No. 6657 (*Comprehensive Agrarian Reform Law of 1988*).

Issues

The petitioners now appeal upon the following issues, namely:

a.) Whether or not the relationship between the petitioners and respondent is that of agency or agricultural leasehold; and

b.) Whether or not RTC, Branch 30, Iloilo City as Regional Trial Court and Court of Agrarian Relations, had jurisdiction over the herein case.[9]

Ruling of the Court

The petition for review lacks merit.

To properly resolve whether or not the relationship between Timoteo and Jorge was that of an agency or a tenancy, an analysis of the concepts of agency and tenancy is in order.

In agency, the agent binds himself to render some service or to do something in representation or on behalf of the principal, with the consent or authority of the latter.[10] The basis of the civil law relationship of agency is

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8 Supra note 1.
9 *Rollo*, p. 11.
10 Article 1868, *Civil Code*.

representation,[11] the elements of which are, namely: (a) the relationship is established by the parties' consent, express or implied; (b) the object is the execution of a juridical act in relation to a third person; (c) the agent acts as representative and not for himself; and (d) the agent acts within the scope of his authority.[12] Whether or not an agency has been created is determined by the fact that one is representing and acting for another.[13] The law does not presume agency; hence, proving its existence, nature and extent is incumbent upon the person alleging it.[14]

The claim of Timoteo that Jorge was his agent contradicted the verbal agreement he had fashioned with Jorge. By assenting to Jorge's possession of the land *sans* accounting of the cultivation expenses and actual produce of the land provided that Jorge annually delivered to him 110 cavans of palay and paid the irrigation fees belied the very nature of agency, which was representation. The verbal agreement between Timoteo and Jorge left all matters of agricultural production to the sole discretion of Jorge and practically divested Timoteo of the right to exercise his authority over the acts to be performed by Jorge. While in possession of the land, therefore, Jorge was acting for himself instead of for Timoteo. Unlike Jorge, Timoteo did not benefit whenever the production increased, and did not suffer whenever the production decreased. Timoteo's interest was limited to the delivery of the 110 cavans of palay annually without any concern about how the cultivation could be improved in order to yield more produce.

On the other hand, to prove the tenancy relationship, Jorge presented handwritten receipts[15] indicating that the sacks of palay delivered to and received by one Corazon Jusayan represented payment of rental. In this regard, rental was the legal term for the consideration of the lease.[16] Consequently, the receipts substantially proved that the contractual relationship between Jorge and Timoteo was a lease.

Yet, the lease of an agricultural land can be either a civil law or an agricultural lease. In the civil law lease, one of the parties binds himself to give to another the enjoyment or use of a thing for a price certain, and for a

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11 *Victorias Milling Co., Inc. v. Court of Appeals*, G. R. No. 117356, June 19, 2000, 333 SCRA 663, 675; *Bordador v. Luz*, G.R. No. 130148, December 15, 1997, 283 SCRA 374, 382.

12 *Eurotech Industrial Technologies, Inc. v. Cuizon*, G. R. No. 167552, April 23, 2007, 521 SCRA 584, 593; *Yu Eng Cho v. Pan American World Airways, Inc*., G.R. 123560, March 27, 2000, 328 SCRA 717, 728.-

13 *Yun Kwan Byung v. Philippine Amusement and Gaming Corp.*, G. R. No. 163553, December 11, 2009, 608 SCRA 107, 129; *Angeles v. Philippine National Railways, (PNR)*, G.R. No. 150128, August 31, 2006, 500 SCRA 444, 452 .

14 *Tuason v. Heirs of Bartolome Ramos*, G. R. No. 156262, July 14, 2005, 463 SCRA 408, 415.

15 RTC records, p 356 and its dorsal portion (Exhibits 1-A-1 and 1-A-1); at .387 (Exhibit 32); at 388 (Exhibit 34); at. 389 (Exhibit 35).

16 Philippine Law Dictionary, Third Edition, 1988, p. 814.

period that may be definite or indefinite.[17] In the agricultural lease, also termed as a leasehold tenancy, the physical possession of the land devoted to agriculture is given by its owner or legal possessor (landholder) to another (tenant) for the purpose of production through labor of the latter and of the members of his immediate farm household, in consideration of which the latter agrees to share the harvest with the landholder, or to pay a price certain or ascertainable, either in produce or in money, or in both.[18] Specifically, in *Gabriel v. Pangilinan*,[19] this Court differentiated between a leasehold tenancy and a civil law lease in the following manner, namely: (1) the subject matter of a leasehold tenancy is limited to agricultural land, but that of a civil law lease may be rural or urban property; (2) as to attention and cultivation, the law requires the leasehold tenant to personally attend to and cultivate the agricultural land; the civil law lessee need not personally cultivate or work the thing leased; (3) as to purpose, the landholding in leasehold tenancy is devoted to agriculture; in civil law lease, the purpose may be for any other lawful pursuits; and(4) as to the law that governs, the civil law lease is governed by the *Civil Code*, but the leasehold tenancy is governed by special laws.

The sharing of the harvest in proportion to the respective contributions of the landholder and tenant, otherwise called share tenancy,[20] was abolished on August 8, 1963 under Republic Act No. 3844. To date, the only permissible system of agricultural tenancy is leasehold tenancy,[21] a relationship wherein a fixed consideration is paid instead of proportionately sharing the harvest as in share tenancy.

In *Teodoro v. Macaraeg*,[22] this Court has synthesized the elements of agricultural tenancy to wit: (1) the object of the contract or the relationship is an agricultural land that is leased or rented for the purpose of agricultural production; (2) the size of the landholding is such that it is susceptible of personal cultivation by a single person with the assistance of the members of his immediate farm household; (3) the tenant-lessee must actually and personally till, cultivate or operate the land, solely or with the aid of labor from his immediate farm household; and (4) the landlord-lessor,

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17 Article 1643, *Civil Code*.
18 Section 3, Republic Act No. 1199.
19 No. L-27797, August 26, 1974, 58 SCRA 590, 596.
20 Section 4, par. 2, Republic Act No. 1199.
21 Section 4, par. 3, Republic Act No. 1199.
22 No. L-20700, February 27, 1969, 27 SCRA 7, 15.

who is either the lawful owner or the legal possessor of the land, leases the same to the tenant-lessee for a price certain or ascertainable either in an amount of money or produce.

It can be gleaned that in both civil law lease of an agricultural land and agricultural lease, the lessor gives to the lessee the use and possession of the land for a price certain. Although the purpose of the civil law lease and the agricultural lease may be agricultural cultivation and production, the distinctive attribute that sets a civil law lease apart from an agricultural lease is the personal cultivation by the lessee. An agricultural lessee cultivates by himself and with the aid of those of his immediate farm household. Conversely, even when the lessee is in possession of the leased agricultural land and paying a consideration for it but is not personally cultivating the land, he or she is a civil law lessee.

The only issue remaining to be resolved is whether or not Jorge personally cultivated the leased agricultural land.

Cultivation is not limited to the plowing and harrowing of the land, but includes the various phases of farm labor such as the maintenance, repair and weeding of dikes, paddies and irrigation canals in the landholding. Moreover, it covers attending to the care of the growing plants,[23] and grown plants like fruit trees that require watering, fertilizing, uprooting weeds, turning the soil, fumigating to eliminate plant pests[24] and all other activities designed to promote the growth and care of the plants or trees and husbanding the earth, by general industry, so that it may bring forth more products or fruits.[25] In *Tarona v. Court of Appeals*,[26] this Court ruled that a tenant is not required to be physically present in the land at all hours of the day and night provided that he lives close enough to the land to be cultivated to make it physically possible for him to cultivate it with some degree of constancy.

Nor was there any question that the parcels of agricultural land with a total area of 7.9 hectares involved herein were susceptible of cultivation by a single person with the help of the members of his immediate farm household. As the Court has already observed, an agricultural land of an area of four hectares,[27] or even of an area as large as 17 hectares,[28] could be

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23 *De Los Reyes v. Espineli*, No. L-28280-81, November 28, 1969, 30 SCRA 574, 587.
24 *Marcelo v. De Leon*, 105 Phil. 1175, 1178 (1959).
25 *Guerrero v. Court of Appeals*, No. L-44570, May 30, 1986, 142 SCRA 136, 145.
26 G.R. No. 170182, June 18, 2009, 589 SCRA 474.
27 *Teodoro v. Macaraeg*, supra note 22.
28 *Agustin v. De Guzman*, No. L-11920, July 31, 1958, 104 SCRA 250.

personally cultivated by a tenant by himself or with help of the members of his farm household.

It is elementary that he who alleges the affirmative of the issue has the burden of proof.[29] Hence, Jorge, as the one claiming to be an agricultural tenant, had to prove all the requisites of his agricultural tenancy by substantial evidence.[30] In that regard, his knowledge of and familiarity with the landholding, its production and the instances when the landholding was struck by drought definitely established that he personally cultivated the land.[31] His ability to farm the seven hectares of land despite his regular employment as an Agricultural Technician at the Municipal Agriculture Office[32] was not physically impossible for him to accomplish considering that his daughter, a member of his immediate farm household, was cultivating one of the parcels of the land.[33] Indeed, the law did not prohibit him as the agricultural lessee who generally worked the land himself or with the aid of member of his immediate household from availing himself occasionally or temporarily of the help of others in specific jobs.[34] In short, the claim of the petitioners that the employment of Jorge as an Agricultural Technician at the Municipal Agriculture Office disqualified him as a tenant lacked factual or legal basis.

Section 7 of Republic Act No. 3844 provides that once there is an agricultural tenancy, the agricultural tenant's right to security of tenure is recognized and protected. The landowner cannot eject the agricultural tenant from the land unless authorized by the proper court for causes provided by law. Section 36 of Republic Act No. 3844, as amended by Republic Act No. 6389, enumerates the several grounds for the valid dispossession of the

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29 *Adriano v. Tanco*, G.R. No. 168164, July 5, 2010, 623 SCRA 218, 230.

30 *NICORP Management and Development Corporation v. De Le*on, G.R. Nos. 176942 & 177125, August 28, 2008, 563 SCRA 606, 612.

31 TSN dated March 22, 1993, pp. 17-20.

32 TSN dated July 24, 1997, p. 9.

33 RTC record, p. 47.

34 *Cuaño v. Court of Appeals*, G.R. No. 107159, September 26, 1994, 237 SCRA 122, 135-136.

tenant.[35] It is underscored, however, that none of such grounds for valid dispossession of landholding was attendant in Jorge's case.

Although the CA has correctly categorized Jorge's case as an agrarian dispute, it ruled that the RTC lacked jurisdiction over the case based on Section 50 of Republic Act No. 6657, which vested in the Department of Agrarian Reform (DAR) the "primary jurisdiction to determine and adjudicate agrarian reform matters" and the "exclusive original jurisdiction over all matters involving the implementation of agrarian reform" except disputes falling under the exclusive jurisdiction of the Department of Agriculture and the Department of Environment and Natural Resources.

We hold that the CA gravely erred. The rule is settled that the jurisdiction of a court is determined by the statute in force at the time of the commencement of an action.[36] In 1980, upon the passage of Batas Pambansa Blg. 129 (*Judiciary Reorganization Act*), the Courts of Agrarian Relations were integrated into the Regional Trial Courts and the jurisdiction of the Courts of Agrarian Relations was vested in the Regional Trial Courts.[37] It was only on August 29, 1987, when Executive Order No. 229 took effect, that the general jurisdiction of the Regional Trial Courts to try agrarian reform matters was transferred to the DAR. Therefore, the RTC still had jurisdiction over the dispute at the time the complaint was filed in the RTC on June 30, 1986.

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[35] 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:

(1) The landholding is declared by the department head upon recommendation of the National Planning Commission to be suited for residential, commercial, industrial or some other urban purposes: Provided, That the agricultural lessee shall be entitled to disturbance compensation equivalent to five times the average of the gross harvests on his landholding during the last five preceding calendar years;

(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;

(3) The agricultural lessee planted crops or used the landholding for a purpose other than what had been previously agreed upon;

(4) The agricultural lessee failed to adopt proven farm practices as determined under paragraph 3 of Section twenty-nine;

(5) The land or other substantial permanent improvement thereon is substantially damaged or destroyed or has unreasonably deteriorated through the fault or negligence of the agricultural lessee;

(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.

[36] *People v. Mariano*, No. L-40527, June 30, 1976, 71 SCRA 600, 607.

[37] *Romero v. Court of Appeals*, No. L-59606, January 8, 1987, 147 SCRA 183, 190.

WHEREFORE, the Court **GRANTS** the petition for review on *certiorari* by **PARTIALLY AFFIRMING** the decision of the Court of Appeals to the extent that it upheld the tenancy relationship of the parties; **DISMISSES** the complaint for recovery of possession and accounting; and **ORDERS** the petitioners to pay the costs of suit.

The parties are ordered to comply with their undertakings as agricultural lessor and agricultural lessee.

SO ORDERED.

LUCAS P. BERSAMIN
Associate Justice

WE CONCUR:

MARIA LOURDES P. A. SERENO
Chief Justice

TERESITA J. LEONARDO-DE CASTRO
Associate Justice

JOSE PORTUGAL PEREZ
Associate Justice

ESTELA M. PERLAS-BERNABE
Associate Justice

CERTIFICATION

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

MARIA LOURDES P. A. SERENO
Chief Justice