

**CARMEN DE LA PAZ VDA. DE ONGSIAKO, PETITIONER, VS.
TEODORICO GAMBOA AND PANTALEON ET AL., RESPONDENTS.***G.R. No. L-1867. April 08, 1950*

Ponente: TORRES, J.

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The question raised primarily in this appeal by certiorari is as to whether or not contracts of tenancy, entered into by petitioner and respondents prior to the date when Republic Act No. 34 became effective, are governed by the provisions thereof and not by the provisions of Act No. 4054 and Commonwealth Act No. 178, which were in force when those contracts were signed.

At first blush, it would seem that the above query should be answered in the negative, on the ground that, as contended by counsel for petitioner, the application of the provisions of Republic Act No. 34—which amended those of Act No. 4054 as amended by Commonwealth Act No. 178—(a) "clearly and palpably impair the obligation of contracts which is prohibited by the Constitution"; and (b) give said Republic Act No. 34 a retroactive effect, which would also "be contrary to Section 10 of the Bill of Rights of the Constitution."

It appears that during the period of June to July, 1946, pursuant to the provisions of Section 8 of Act No. 4054, as amended by Commonwealth Act No. 178, petitioner and respondents entered into tenancy contracts, which, among other things, provided for a 50-50 division of the crop, under a stipulation to the effect that the petitioner-landowner would exclusively shoulder the planting expenses which shall not be more than ten (10) planters for every hectare, the wages for each planter to be determined at the prevailing rate generally charged in the community, and that in return, the tenant shall solely defray the harvesting expenses (Translation of Tenancy Contracts, Annex B).

A short time thereafter, that is, on September 30, 1946, Republic Act No. 34 was approved by the Congress of the Philippines, and on November 12, 1946, by Proclamation No. 14, the President of the Philippines made effective the provisions of said Act No. 4054, known as "The Philippine Rice Share Tenancy Act", as amended by said Republic Act No. 34, "to be in full force and effect through but the Philippines."

During the liquidation of the palay crop for the agricultural year 1946-1947, the herein respondents-tenants sought the application of the provisions of the new law on the crop division, by filing the corresponding complaints with the Tenancy Law Enforcement Division, on the ground that in the harvest of present agricultural year (1946-1947), they could not agree on: (a) the liquidation of the crop; (b) the division thereof; (c) the apportionment of their expenses; and (d) the settlement of their accounts.

The Tenancy Law Enforcement Division, after going over the facts and the question involved, found that, although according to the contracts between respondents and petitioner, it was stipulated that the division of the crop would be on the 50-50 basis, in the light of the provisions of Section 7(a) of Republic Act No. 34, such stipulation is against public policy, and therefore, the crop division should be on the 55-45 basis in favor of the tenants, as provided in the amendatory law.

The ruling of the Tenancy Law Enforcement Division was appealed to the Court of Industrial Relations, which, in its decision (Annex D), sustained the findings and conclusion of the Tenancy Law Enforcement Division of the Department of Justice, and ruled that the division of the share of the tenants and landlord should be on the basis of 55-45, respectively. The court further found that inasmuch as the stipulation made in paragraph 12 of the tenancy contracts, to the effect that the expenses of harvest shall be borne by the tenants, the respondents herein, not being against public policy, the law or the morals, said division would be "from the net produce, after deducting the seedlings and threshing expenses."

Unlike the indifferent attitude shown by the Spanish Government in the Philippines towards the fate of the laboring class—whether they were tillers of the land or earning their wages in a factory—even prior to the adoption of our Constitution, the Philippine Government, under the American regime, had, from time to time, shown its deep concern over the well-being of the wage earners. Our statute books are witness to that fact; they contained legislation enacted and intended to ameliorate the conditions of the laboring man. The administration, under the leadership of Manuel L. Quezon, became social justice minded, and implementing his strong advocacy of social justice, the framers of our Constitution, in Section 5 of Article II of our fundamental law, adopted the principle that "the promotion of social justice to insure the well-being and economic security of all the people should be the concern of the State." Since then, the government has always been, by fast strides, drawing near its goal—the amelioration, the well-being of the conditions of the working man.

The legislation which particularly concerns the relations between landowner and tenant, has been the object of constant attention on the part of the government, as shown in the various laws that have been successively enacted for that purpose, and which, under those circumstances, may be considered as having the nature of remedial legislation. That Republic Act No. 34 was enacted on that basis, is clearly shown in the recommendation of the President for the passage of House Bill No. 582, which became Republic Act No. 34. It says:

"This bill seeks to amend the rice share tenancy Act in such a way to make the division of the crops more equitable to the tenants * * *. The bill embodies the principal recommendations of the President of the Philippines, as outlined in the message sent by His Excellency to Congress * * *. The principal feature of this bill is to increase the participation of the tenants in the production of the land that he is cultivating. This participation is further increased as the productivity of the land decreases."

Contrary to the contention of counsel, Republic Act No. 34 is, therefore, not an ex post facto law, for it is well-known that the prohibition of ex post facto laws applies only to criminal or penal, and not to civil, matters.

"It is well established that the constitutional prohibition of the passage of ex post facto laws applies only to criminal or penal matters, and not to laws which concern civil matters or proceedings generally, or which affect or regulate civil or private rights. Nor does such constitutional prohibition apply to laws affecting civil remedies. The prohibition can not be evaded by giving a civil form to provisions and are in effect criminal as in the guise of prescribing qualifications for holding office or practicing certain callings." (Ex parte Garland, 4 Wallace 33, 18 L. Ed. 366; Cummings vs. Missouri, 4 Wallace 277, 18 L. Ed. 356.)" (16 C. J. S., pp.). 889-891.)

Neither said Act impairs the obligation of contracts in violation of paragraph 10, Section 1 of Article III of the Constitution. Corpus Juris Secundum, summarizing the interpretations given by the American courts, says that constitutional provisions against impairing the obligation of contracts do not prevent the same from being subject to legislation enacted by the State in the proper exercise of its police power. Thus, at pages 701, 702, Vol. 16, it says:

"The prohibition contained in constitutional provisions against impairing the obligation of contracts is not an absolute one and it is not to be read with literal exactness like a mathematical formula. Such provisions are

restricted to contracts which respect property, or some object or value, and confer rights which may be asserted in a court of justice, and have no application to statute relating to public subjects within the domain of the general legislative powers of the State, and involving the public rights and public welfare of the entire community affected by it. They do not prevent a proper exercise by the State of its police powers. By enacting regulations reasonably necessary to secure the health, safety, morals, comfort, or general welfare of the community, even tho contracts may thereby be affected; for such matter can not be placed by contract beyond the power of the State to regulate and control them."

Furthermore, it is very manifest that when our law-making body was considering House Bill No. 582, it undoubtedly had in mind the circumstances and conditions surrounding the relations between landlord and tenant. It, therefore, could not have failed to take notice of the existence of contracts which stipulated a division of the crop on the 50-50 basis, and had the Congress intended to except those contracts from the operation of the new law (Republic Act No. 34), doubtless, it would have done so by inserting therein the corresponding provision; but on the contrary, it expressly provided therein that a stipulation whereby "the tenant shall receive less than 55 per cent of the net produce * * *," is against public policy, which is equivalent to a declaration by the Congress that a stipulation in a contract that the division of the crop shall be on the 50-50 basis, is against public policy.

In *People vs. Pomar* (46 Phil., 440) and in *Philippine National Bank vs. Vda. y Hijos de Angel Jose* (63 Phil., 814, this Court, citing Article 1255 of the Civil Code, says that the rule in this jurisdiction is that the contracting parties may establish any agreements, terms, and conditions they deem advisable, "provided they are not contrary to laws, morals or public policy"; and while We have searched in vain for a concrete definition of the term "public policy", in its treatise on the law of contracts, in dealing with agreements against public policy, American Jurisprudence gives a summary of the doctrines laid down by the American courts on this matter. It says—

* * * * *

"It is a general rule that agreements against public policy are illegal and void. Under the principles relating to the doctrine of public policy, as applied to the law of contracts, courts of justice will not recognize or uphold any transaction which, in its object, operation, or tendency, is calculated to be prejudicial to the public welfare, to sound morality, or to civic honesty. The test is whether the parties have stipulated for something inhibited by the law or inimical to, or inconsistent with, the public welfare. An agreement is against public policy if it is injurious to the interests of the public, contravenes some established interest of society, violates some public statute, is against good morals, tends to interfere with the public welfare or safety, or, as it is sometimes put, if it is at war with the interests of society and is in conflict with the morals of the time. An agreement either to do anything which, or not to do anything the omission of which, is in any degree clearly injurious to the public and an agreement of such nature that it cannot be carried into execution without reaching beyond the parties and exercising an injurious influence over the community at large are against public policy. There are many things which the law does not prohibit, In the sense of attaching penalties, but which are so mischievous in their nature and tendency that on grounds of public policy they cannot be admitted as the subject of a valid contract. The question whether a contract is against public policy depends upon its purpose and tendency, and not upon the fact that no harm results from it. In other words, all agreements the purpose of which is to create a situation which tends to operate to the detriment of the public interest are against public policy and void, whether in the particular case the purpose of the agreement is or is not effectuated. For a particular undertaking to be against public policy actual injury need not be shown; it is enough if the potentialities for harm are present. Where the precise question as to whether or not a particular agreement is against public policy has not been determined, analogous cases involving the same general principle may be looked to by the courts in arriving at a satisfactory conclusion." (12 Am. Jur., pp. 662-664.)

It would thus appear that, while it is the inherent and inalienable right of every man to have the utmost liberty of contracting, and agreements voluntarily and fairly made will be held valid and enforced in the courts, the general

right to contract is subject to the limitation that, the agreement must not be in violation of the Constitution, the statute or some rule of law (12 Am. Jur., pp. 641-642).

Finally, Sutherland, in his well-known Treatise on Statutory Construction, says:

"The intent of a statute is the law. If a statute is valid it is to have effect according to the purpose and intent of the lawmaker. The intent is the vital part, the essence of the law, and the primary rule of construction is to ascertain and give effect to the intent. The intention of the legislature in enacting a law is the law itself, and must be enforced when ascertained, although it may not be consistent with the strict letter of the statute. Courts will not follow the letter of a statute when it leads away from the true intent and purpose of the legislature and to conclusions inconsistent with the general purpose of the act. Intent is the spirit which gives life to a legislative enactment. In construing statutes the proper course is to start out and follow the true intent of the legislature and to adopt that sense which harmonizes best with the context and promotes in the fullest manner the apparent policy and objects of the legislature." (Vol. II, Sutherland, Statutory Construction, pp. 693- 695.)

The above disposes of the first error assigned by petitioner in her brief.

As regards the second error, it appears that counsel for petitioner, in making the corresponding assignment, admits that the finding of the Court of Industrial Relations, that the sum of P25 should be the contribution of petitioner for planting and cultivation expenses for every hectare of land planted, is based "on the preponderance of evidence." Rule 44 of the Rules of Court, governing the procedure to be followed in appeals from an award, order or decision of the Court of Industrial Relations to the Supreme Court, provides that "only questions of law, which must be distinctly set forth, may be raised in the petition" for certiorari from an award, order or decision of the Court of Industrial Relations (sections 1 and 2; Section 14 of Commonwealth Act No. 103). This Court is not, therefore, empowered to look into the correctness of the findings of fact in an award, order or decision of the Court of Industrial Relations.

With denial of the petition, the decision of the Court of Industrial Relations is hereby affirmed, with costs.

Moran, C. J., Ozaeta, Pablo, Tuason, and Montemayor, JJ., concur.

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