

SATURNINO PINEDA, ET AL., PETITIONERS, VS. VIDAL PINGUL AND COURT OF INDUSTRIAL RELATIONS, RESPONDENTS.

G.R. No. L-5565. September 30, 1952

Ponente: PARAS, C.J.

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PARAS, C.J.:

On June 18, 1951, respondent Vidal Pingul filed in the Court of Industrial Relations a complaint against Saturnino Pineda and some 68 others (petitioners herein), alleging that the latter are his tenants who had refused to agree to and sign the contract of rice tenancy proposed by Pingul providing for a 45-55 sharing ratio, and praying that said tenants be ordered ejected if they Insist in their refusal. The petitioners filed an answer alleging that the proposed contract is not in accordance with law and public policy, and praying that judgment be rendered giving effect to Republic Act No. 34 which provides for a division of crops in the ratios of 80-20, 75-25, or 70-30, depending upon whether it is the landlord or the tenant who furnishes the necessary implements and work animals and defrays all the expenses for planting and cultivation.

In his order of October 5, 1951, Judge V. Jimenez Yanson of the Court of Industrial Relations held as follows:

"Premises considered, the Court finds and so holds that the choice of contract terms is with the landlord and it is for the tenant either to accept or to reject them. In the latter eventuality the landlord may exercise his property rights, provided he can prove that the terms and conditions offered in the contract are in accordance with law, morals and public policy.

"Commissioner Renaldo Carlos who has been designated to receive the evidence of the parties is hereby ordered to set the hearing of the case on its merits without further delay."

The motion for reconsideration having been denied by a 3 to 2 vote of the Court of Industrial Relations in bane, the petitioners have appealed to this Court by way of certiorari.

The record discloses that the petitioners have long been tenants of the land involved in this case and their sharing agreement had always been in the 70-30 ratio since Republic Act No. 34 was approved on September 30, 1946, until the complaint was filed in the Court of Industrial Relations by respondent Vidal Pingul who took over the land under petitioner's tenancy as lessee of the owner. The question squarely presented is whether the new landlord can compel the petitioners to sign the 45-55 rice tenancy contract proposed by him, and whether their refusal is a just cause for their dismissal or ouster.

The Rice Share Tenancy Law, Act No. 4054, as amended by Commonwealth Act No. 178 and Republic Act No. 34, intended to protect the interests of both the landlord and the tenant, without infringing upon or curtailing the proprietary rights of the landlord or owner, was undoubtedly conceived mainly to redeem the tenant from his life of misery, want and oftentimes oppression, arising from onerous terms of his tenancy. Side by side with this objective, and in obedience to the declared principle of promoting social justice to insure the well-being and economic security of all the people (Constitution, Article 11, Section 5), and to the mandate to afford protection to labor and to regulate the relations between landowner and tenant (Constitution, Article XIV, Section 6), the Rice

Share Tenancy Law was also aimed at the upliftment of the social and financial status of the tenant.

Having these considerations in view, we are inclined to hold that, where a situation involves an old and preexisting tenant, as in this case, he cannot be forced to alter the existing share agreement, unless we are to authorize an indirect way of easing out the tenant without one of the just causes specified in the Rice Share Tenancy Law. If any change is desirable in the matter of the sharing ratio, the initiative and decision should lie with the tenant who, under the spirit of the law, must be left to choose and determine what arrangement is suitable and advantageous to him, considering his ability to supply the implements and work animals and to defray the expenses of planting and cultivation. The law, in enumerating expressly certain sharing ratios (Section 8, Republic Act No. 34), is presumed to have taken into account the fact that the landlord or owner is thereby to receive a fair return from his land and any investment thereon.

In the present case, if the former landlord of the petitioners (who is the real owner) had agreed to and was satisfied with the 70-30 ratio in favor of the petitioners, there could be no reason for the respondent Pingul (lessee) to shift to the 45-55 ratio, other than either to receive a greater return or profit from his investment or merely to oust the petitioners who, he undoubtedly assumed, would object to the new arrangement. Or the situation is also possible that a lessee landlord may pose as a dummy of the owner who may not have the courage himself to impose a new tenancy contract upon the tenant. Our conclusion in a way would tend to avoid unwholesome arrangements. The case is certainly different for a new or prospective tenant who, before being accepted, has of course to accede to the terms of the landlord.

The Court of Industrial Relations invokes section 16 of the Rice Share Tenancy Law conferring upon the landlord the prerogative of management. This provision, however, must be interpreted to cover details other than the choice of the sharing ratio, a matter fundamental in making the tenant contented and happy, the latter being clearly estopped from complaining of his own selection. In the long run, it would be to the marked advantage of the landlord to be solicitous of the welfare of his tenant and thereby to have in return the benefit of his tenant's loyalty and inspired labor; and in general we can hope to see the end of the so called agrarian unrest and the advent of a fruitful unity between landowners and tenants.

The appealed decision is hereby reversed. We hold that the petitioners cannot be ejected for refusing to sign the contract proposed by the respondent Vidal Pingul, and that they have the right to insist in the enforcement of section 8 of Republic Act No. 34 in accordance with the views expressed in this decision. So ordered, without costs.

Pablo, Bengzon, Padilla, Jugo, and Bautista Angelo, JJ., concur.
Montemayor, J., concurs in the result.

CONCURRING

LABRADOR, J.:

I concur.

The respondent Vidal Pingul justifies a change in the basis of division of the crops (from the 70-30 to the 55-45 basis) by alleged improvements on the land, especially the installation of an irrigation system. The law (Republic Act No. 34, section 3) already has provided for this contingency, and may not be invoked as a ground for a change. The law grants both parties, landlord and tenants, the freedom to enter into any kind of tenancy and adopt between themselves the basis of the division of the crops, without any limitation whatsoever other than those

mentioned in the law, namely, existing laws, morals, and public policy. But once entered into, the basis may not be changed at all without the consent of the other. The case of *Bulasag vs. Ramos*, 85 Phil., 330; 47 Off. Gaz., No. 7, 3450, has been invoked in favor of respondent's petition for a change in the basis, on the principle that the landlord should be the party given the choice as to what basis of tenancy should prevail, with right to eject the tenant if the latter refuses to agree to the proffered terms. That case should be distinguished from the case at bar, because that case seems to involve a new contract, where no formal contract of tenancy under the law had theretofore existed between the parties. In that case, as the tenant refused to accept the terms that the landlord desired because they were not acceptable to him, he was at liberty to do so, but he could not impose the basis of sharing he desired. The landlord, owner of the land, according to the Court in that decision, should primarily be the one to decide, at the inception of the relation, the basis of sharing he desires.

The case at bar, however, is one where the relation of tenancy under a 70-30 basis had been in existence for a long period of time. Petitioner have, therefore, been, furnishing the necessary implements and work animals, and defraying the necessary expenses for the planting and cultivation of the land. To compel them now to change the basis of the division would be to render said implements and work animals unnecessary in their work as tenants and deprive them of the privilege to dedicate these to profitable use. Thus the fruits of their frugality, which they have converted in the form of capital goods—work animals and implements for use in the lands they have been cultivating for many years, would be lost forever to them. It could not have been the intention of the Legislature, in giving both landlord and tenant freedom of contract, to allow the landlord every year, or at any time he chooses or pleases, to change the basis of the sharing of the crops with his tenants, and render useless the work animals and implements accumulated by the tenant for the land he cultivates. The ultimate aim and purpose of the law—the amelioration of the condition of the tenant—would be completely frustrated were the freedom to contract enunciated in the law interpreted in such a way as to allow this unfair and unjust treatment of the tenant. Once a basis has been adopted, with freedom for both, this basis should not be changed again at the instance of one without the consent of the other. Only under such an interpretation may a desirable stability be reached for both and to their ultimate satisfaction.

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