

**PERFECTO CORDERO, MACARIO DE LA CRUZ, AMBROSIO GARCIA,
CONSTANCIO ISIDRO, GODOFREDO ISIDRO, JOSE JOAQUIN,
FRANCISCO LEONCIO, SIMEONA MALUBAY, SILVINO PANGILINAN,
EPIFANIA RAMOS,...**

G.R. No. L-25729. August 14, 1968

Ponente: CONCEPCION, C.J.

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CONCEPCION, C.J.:

Petition for review on certiorari of a decision of the Court of Agrarian Relations:

"(1) Declaring paragraph 6 of the contracts of tenancy executed by the parties herein dated April 25, 1964 (Exhibits "B", "B-1" "B-23"1 to be valid, the same not being contrary to law, morals or public policy;

"(2) Ordering the defendants to comply with said paragraph until the expiration of the period of their contracts of tenancy on April 25, 1967;"

and dismissing "all other claims of the plaintiff" - respondent herein - and the counterclaim of the defendants - petitioners herein.

For about ten (10) years prior to 1964, the latter had been share tenants of the former, in the Barrio of Banga, Municipali-ty of Plaridel, Province of Bulacan. On April 25, 1964, they entered into contracts of leasehold tenancy which provided, inter alia, that the palay harvested by the lessees (petitioners) would be threshed in the lessor's (respondent's) machine, and that as compensation for the use thereof the lessee shall pay 14 sacks and the lessor 6 sacks for every 120 sacks of palay thus threshed. This notwithstanding, early in February, 1965, petitioners had caused their palay to be threshed in t0he machine of somebody else. For this reason, on February 22, 1965, respondent instituted, against petitioners herein, CAR Case No. 1132-Bulacan 65, for ejectment and damages. On September 6, 1965, both parties sti-pulated:

"1. That the plaintiff is of legal age, married, landholder-physician, and a resident of Poblacion, Plaridel, Bulacan.

"2. That the defendants are all of age, farmers, and residents of Banga, Plaridel, Bulacan.

"3. That the following defendants are the lessees of the plaintiff over certain parcels of first class agricultural rice land belonging to him situated at Banga, Plaridel, Bulacan: Perfecto Cordero Ma-cario dela Cruz, Ambrosio Garcia, Constancio Isidro, Godofredo Isidro, Jose Joaquin, Francisco Leoncio, Simeona Malubay, Silvino Pangilinan, Epifania Ramos and Francisco Talastas.

"4. That the following defendants are the lessees of ANTONIO CASTRO over certain parcels of first class agricultural rice land belonging to him situated at Banga, Plaridel, Bulacan, who is represented in this suit by the plaintiff by virtue of a "Special Power of Attorney" which he executed in favor of the plaintiff on April 24, 1964 (Please see Annex "A" of the Complaint which is also being similar-ly marked herein and made an integral part here-of): Maria Bunag, Bernardino Crisostomo, Gavi-no de la Cruz, Guillermo de la Cruz, Mario

de la Cruz, Graciano Espiritu, Julian Garcia, Primo Malubay, Guillermo Punongbayan, Anita Ruiz, Bonifacio Santos and Monico Villafuerte.

"5. That on April 25, 1964, the plaintiff and ANTONIO CASTRO (the latter represented by the former by virtue of the "Special Power of Attorney" mentioned above) entered into identical contracts of leasehold with the defendants, denominated as "Kasunduan ng Pamumuwisan" rig Lupang Sakahan," paragraph 6 of which provides thus: (Please see Annex "B" of the Complaint which is also being similarly marked herein and made an integral part hereof)

"Na ang tiliadora ng MAY LUPA ang gagamitin ng MAGSASAKA sa pag-giik ng palay at ang kabayaran sa paggamit ay gaya ng sumusunod: 14 na kaban sa gumapas at 6 sa MAY LUPA sa bawa't 120 kaban na maggiik na palay."

"6. That the said leasehold contracts, which were duly executed and regularized pursuant to law, were voluntarily entered into by the parties therein and all their provisions understood by them. The parties were assisted by their respective counsel who negotiated and worded the final draft of the leasehold contracts and witnessed their signing.

"7. That following the palay harvest season for the agricultural year, 1964-1965, specifically, in February, 1965, the defendants failed to use the threshing machine belonging to the plaintiff, but availed themselves of the services of another threshing machine belonging to another party on the ground that Paragraph 6 of their leasehold contract with the plaintiff is contrary to law.

"8. That the plaintiff sent identical letters of demand to the defendants, dated February 6, 1965, asking them to vacate their respective landholdings alleging violation of paragraph 6 of their contract. Please see Annex "C" of the Complaint which is also being similarly marked herein and made an integral part hereof."

and prayed:

" x x that the foregoing Partial Stipulation of Facts be APPROVED and the case be set for trial on the merits for the reception of additional evidence in support of the controverted claims of the parties."

In due course, thereafter, or on February 8, 1966, the Court of Agrarian Relations, hereinafter referred to as CAR, rendered its aforementioned decision finding that petitioners had violated the provision of their leasehold contract concerning the use of respondent's threshing machine, which the CAR held to be valid, despite petitioners' claim to the contrary. The CAR declared, however, that said violation was due merely to a misapprehension of petitioners' rights, because of which it does not constitute a lawful cause to oust them, and, accordingly, warned them that a subsequent violation would be considered deliberate and willful and, hence, a sufficient ground for their ejectment. Petitioners herein insist that the contested stipulation is contrary to law.

Pursuant to Section 15, Republic Act No. 3844:[1]

"The agricultural lessor and the agricultural lessee shall be free to enter into any kind of terms, conditions or stipulations in a leasehold contract, as long as they are not contrary to law, morals or public policy. A term, condition or stipulation in an agricultural leasehold contract is considered contrary to law, morals or public policy:

"(1) If the agricultural lessee is required to pay a rental in excess of that which is hereinafter provided for in this Chapter;

"(2) If the agricultural lessee is required to pay a consideration in excess of the fair rental value as defined herein, for the use of work animals and/or farm implements -belonging to the agricultural lessor or to any other person; or

“(3) If it is imposed as a condition in the agricultural leasehold contract: (a) that the agricultural lessee is required to rent work animals or to hire farm implements from the agricultural lessor or a third person, or to make use of any share services operated by the agricultural lessor or a third person; or (b) that the agricultural lessee is required to perform any work or render any service other than his duties and obligations provided in this Chapter with or without compensation; or (c) that the agricultural lessee is required to answer for any fine, deductions and/or assessments.

"Any contract by which the agricultural lessee is required to accept a loan or to make payment therefor in kind shall also be contrary to law, morals or public policy."

It is clear, from the record, that the leasehold contracts between the parties herein "impose" upon the lessees (petitioners herein), as one of the "conditions" of said contracts, the obligation to rent a farm implement (the threshing machine) of the lessor (respondent herein), and that, accordingly, the stipulation to this effect is null and void.

In reaching the opposite conclusion and finding that respondents had violated their respective contracts, the CAR seems to have been mainly influenced by the fact that said contracts were voluntarily made by both parties, assisted by their respective counsel; -that petitioners were willing to use respondent's threshing machine, provided that they be employed as laborers - as they were, in the preceding ten (10) years - during the threshing of their respective crops; that respondent did not so employ them in 1965, for fear that they may tamper with his threshing machine "in view of the strained relationship between them arising from their tenancy disputes;" and that respondent had "the right to choose laborers" and was "under no obligation" to employ the petitioners, as such laborers, there being no stipulation to this effect.

The voluntariness with which petitioners, assisted by their counsel, entered into their respective leasehold contracts does not negate the fact that their obligation to rent respondent's threshing machine was one of the conditions imposed for the change in the nature of their relationship, from one of share tenancy to that of relationship, leasehold. There would, of course, be no contract unless both parties had agreed thereto, freely and voluntarily, from a legal viewpoint. The consent thereto given does not detract, however, from the circumstance that some of the terms and conditions thereof may have been demanded or exacted by one of the parties to the agreement, who, otherwise, might not have entered into the contract. The present action for ejectment and damages shows beyond doubt that respondent regarded said obligation as a prerequisite for his consent to the leasehold contracts with herein petitioners, and that, consequently, the aforementioned obligation was imposed upon them, within the purview of Section 15 of the Act. Indeed, otherwise, there was no plausible reason for them to agree on curtailing their freedom to choose the manner or conditions under which their harvest shall be threshed.

Considering the conditions obtaining in the Philippines at the time of the enactment of Republic Act No. 3844 and the assumptions on which the same is based,[2] as well as the context of said Act, in general, and the language of Section 15 thereof, in particular, we are satisfied that stipulations like the one under consideration should be deemed "imposed" upon the lessee as a "condition" for the leasehold contract, in the absence, at least, of satisfactory proof to the contrary. Instead of such proof, respondent herein has, by his present action for ejectment and damages, shown that the stipulation in question had been really imposed as a condition for his agreeing to said contract, thereby contravening the spirit of said Act, pursuant to which "the establishment of the agricultural leasehold relation" is compulsory.[3]

One other point. On motion of the petitioners, dated March 7, 1966, we caused to be issued, on March 12, 1966, a writ of preliminary injunction staying the execution of the decision appealed from, insofar as it compels them to thresh their harvest in respondent's threshing machine. In a resolution dated March 15, 1966, we stated, however,

that said injunction "does not authorize the threshing of the landowner's share of the harvest by any other party - unless he consents."

On March 21, 1966, respondent filed a motion to declare six (6) petitioners - Graciano Espiritu, Gavino de la Cruz, Maria Bunag, Bonifacio Santos, Julian Garcia and Bernardino Crisos-tomo - and their counsel guilty of contempt, because, on March 14 and 15, 1966, said petitioners, "aided and abetted by their counsel, Atty. Romerico Flores, who prodded them, " had allegedly "threshed not only their share of the palay harvest, but even that of the landowner, " in violation of said resolution of March 15, 1966. Although it would seem that the threshing made on March 14, 1966, of the harvest of petitioners Gavino de la Cruz, Maria Bunag, Bonifacio Santos and Bernardino Crisostomo, had been carried out without segregating the portion pertaining to the rentals due to respondent, it appears from petitioners answer, dated April 5, 1966, to said urgent motion of respondent, that the latter's share as rentals due from said petitioners, was deposited in a bonded warehouse, in view a the failure of respondent or his overseer to receive said share, and that, upon notice of said resolution, in the afternoon of March 15, 1966, such portions of the stacks of palay of the other petitioners as sufficed to pay the ren-tals due from them were threshed in respondent's threshing machine.

It is true that in respondent's omnibus motion of April 20, 1966, he alleges that the petitioners therein named were short in the payment of rentals by the amount specified after their respect-ive names;^[4] but, then, petitioners maintain, in their "comment" dated May 21, 1966, that, the day before, they had judicially con-signed in CAR No. 1385-Bulacan 66, the amount of palay claimed by respondent herein, and respondent has not controverted this allegation.

It is clear from the foregoing that the alleged violation of our resolution of March 15, 1966, took place before notice thereof, and that, accordingly, the motion to declare some of the petitioners and their counsel guilty of contempt should be as it is hereby denied.

WHEREFORE, the decision appealed from is reversed and another one shall be entered, in favor of petitioners herein, with costs against respondent, Jesus F. Castro, and the writ of preliminary injunction issued by this Court is hereby made permanent.

IT IS SO ORDERED.

Reyes, Dizon, Makalintal, Zaldivar, Sanchez, Castro, Angeles and Fernando, JJ., concur.

[1] Otherwise known as the Agricultural Land Reform Code.

[2] See Section 2 of the Act.

[3] See Sections3(1) and 5 of the Act.

[4] Anita Ruiz

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Primo Malubay

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Mario de la Cruz

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Julian Garcia

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Francisco Leoncio

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Simeona Malubay

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