

PHILIPPINE NATIONAL BANK, PETITIONER, VS. TEOFILO RAMIREZ, ET AL., RESPONDENTS.

G.R. No. L-15192. October 24, 1960

Ponente: REYES, J.B.L., J.

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REYES, J.B.L., J.:

Appeal taken by the Philippine National Bank from the decision of the Court of Agrarian Relations in its Case No. 558-P-58.

The facts leading to the filing of the action in the Court below were found by said Court to be as follows:

"That since 1953 Agustin Pecio had been cultivating the two hectares of land in question located at Bo. Capulaan, Balungao, Pangasinan, belonging to Jose Castillo y Refuerzo; that when the Philippine National Bank became the administrator of the estate of the late Jose Castillo y Refuerzo, its Trust Officer, through his representative, Atty. Jose Manalansan, executed contracts of tenancy with the tenants of the hacienda; that for his purpose, Atty. Manalansan went in 1955 to Balungao, Rosales, and Umingan, Pangasinan, to contact the tenants and he stayed there for two months; that Atty. Marialansan met the tenants in the municipal building of Balungao and there executed the tenancy contracts; that Atty. Manalansan did not know any of the tenants then and so what he did was to rely on the information given to him by the tenants; that one morning, while Atty. Manalansan was in front of the municipal building under the acacia tree, Teofilo Ramirez approached him and told him that he was the tenant in two parcels of land located in Bos. Esmeralda and Capulaan, Balungao; that Teodorico Dirije then filled in the blank in the contract forms by typing the information dictated by Teofilo Ramirez; that the finished contract of tenancy (Exhibit "A") was registered in the municipal treasurer's office of Balungao on the same date of execution. June 25, 1955; that according to the contract, Ramirez was to cultivate four hectares of land situated at Bos. Esmeralda and Capulaan, Balungbo, Pangasinan; that a few days thereafter Agustin Pecio appeared and reported to Atty. Manalansan that he was the actual tenant in the landholding in Capulaan included in the contract of tenancy executed by the Philippine National Bank and Teofilo Ramirez; that Atty. Manalansan then referred the matter to the Chief of Police to bring them to the municipal mayor for conciliation; that as a result a 'katulagan' or agreement was entered into by and between Ramirez and Pecio; that by virtue of the 'katulagan' Ramirez cultivated one-hectare portion of the same in the agricultural year 1955-1956; that Ramirez harvested 40 cavanese in said year, with the seeds, threshing and harvesting expenses already deducted, while Pecio harvested 35 cavanese; and that after the agricultural year 1955-1956 the entire two-hectare landholding in Capulaan was, by virtue of the 'katulagan' or agreement, delivered to Agustin Pecio who cultivated the same since then up to the present time."

Later, Teofilo Ramirez filed the aforesaid case against the Philippine National Bank in the Agrarian Court, alleging that he had been illegally ousted from one-half of the land in question during the agricultural year 1956-1957, and from the whole of it thereafter, and asking for reinstatement and for the payment of the value of his unrealized shares of the harvest of the land during the period of his dispossession, plus moral damages and attorney's fees. The bank answered, denying liability under the complaint, and, with the authority of the court, brought in Agustin Pecio as third-party defendant, who likewise denied any liability. The case was then tried, and on September 29, 1958, the Agrarian Court rendered judgment, holding, on the basis of the above-quoted findings

of fact, that although the tenancy contract between the bank and Ramirez was executed through fraud and misrepresentation on the part of the latter, the "katulagan" or agreement Exhibit "1" between Ramirez and Agustiri Pecio was an express ratification by the latter of said tenancy contract and had the effect of a surrender by Pecio of his right as tenant over one-half of the land in question and of constituting Ramirez as the tenant over such portion, so that thereafter, he was entitled to security of tenure under section 49 of Republic Act No. 1199; whereupon, the bank was ordered to reinstate Ramirez to one-half of the land in question, and to pay him damages of 12 cavanese of palay yearly from the agricultural year 1956-1957 until his reinstatement. From this judgment, the bank, as already stated in the first part of this decision, appealed.

The appeal should be sustained.

First of all, we agree with the petitioner bank that the lower court having found that third-party defendant Agustin Pecio was the true tenant of the land in question and not respondent Ramirez, Pecio is entitled to security of tenure under section 7, Republic Act No. 1199, and may not be dispossessed of his landholding except for any of the causes enumerated in Section 19 of the same Act, and without the cause having been proved before and the dispossession authorized by the Agrarian Court, in accordance with section 49, same law. Consequently, the tenancy contract Exhibit "A" signed between the petitioner bank and appellee Ramirez is illegal and void since it deprives Pecio of his tenure over the land in question; and being a nullity, said contract did not create any tenancy relation between the bank and Ramirez, nor could the latter acquire any rights thereunder.

What is more, the Agrarian Court conclusively found that respondent Ramirez was guilty of fraud and misrepresentation in the signing of the tenancy contract Exhibit "A", having falsely identified himself to the representative of the bank as the tenant of the land in question, and it was only on that basis that the bank signed and gave its consent to said tenancy contract. This contract is, consequently, not only void *ab initio* for being contrary to the law giving Pecio, the true tenant, security of tenure, but also annulable or voidable on the part of the bank whose consent thereto was given through fraud and mistake. Thus, the bank was justified in refusing to recognize said contract after it learned of Ramirez' deceitful act, and in giving the land to Pecio, the lawful and true tenant. The Court below, in ordering the reinstatement of Ramirez, was, in effect, legalizing his imposture. Such a decree is against morals and public policy and can not be allowed to stand.

As for the "katulagan" or agreement (Exhibit "1") entered into by Pecio and Ramirez merely to settle their dispute over the tenantry of the land in question that arose from the latter's fraud, the only effect that could be given this agreement was, as stipulated therein by the parties, for Ramirez to share the cultivation of the land in question equally with Pecio during the agricultural year 1955-1956. Obviously, said agreement could not have created between Ramirez and the petitioner bank the relationship of landlord and tenant so as to entitle the latter to the security of tenure guaranteed by Republic Act No. 1199. Besides, the tenancy law, conceived as it was to redeem the tenant from the onerous terms of his tenancy and uplift his social and financial status (*Pineda vs. Pingul & C.I.R.*, 92 Phil., 89; 48 Off. Gaz. [9] 3901), can not be invoked to protect one who is not a true and lawful tenant but who became so only through deceitful and, insidious acts.

Wherefore, the decision appealed from is reversed, and the complaint dismissed, with costs against respondent Teofilo Ramirez.

Paras, C.J., Bengzon, Padilla, Bautista Angelo, Labrador, Barrera, Gutierrez David, and Paredes, JJ., concur.

Decision reversed.

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