

ANTONIO J. CASTRO, PETITIONER, VS. THE COURT OF APPEALS AND GAVINO DE LA CRUZ, RESPONDENTS.

G.R. No. L-34613. January 26, 1989

Ponente: GUTIERREZ, JR., J.

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GUTIERREZ, JR., J.:

The petitioner presents for review the decision of the Court of Appeals which reversed the findings made by the Court of Agrarian Relations, Fifth Regional District, Branch I of Malolos, Bulacan that there is no tenancy relationship between the petitioner and the private respondent with respect to the disputed piece of agricultural landholding. The dispositive portion of the appellate court's decision reads:

"WHEREFORE, the appealed judgment is hereby reversed and a new one entered ordering the defendant-appellee to maintain the plaintiff-appellant in peaceful possession of the landholding in controversy which consists of a perimeter of 50 meters by 100 meters of the northern portion of the former's sugar crusher area in Banga, Plaridel, Bulacan where the ten mango trees in question are existing; to pay to the appellant the sum of Thirty Pesos (P30.00) per year from 1964 as the value of the appellant's share in the fruits of the ten mango trees tenanted by the appellant until the possession of said trees is delivered to the latter; to pay the appellant the sum of P500.00 as attorney's fees; and to pay the costs of this court suit." (Rollo, pp. 67-68)

The subject matter of this case is a piece of landholding with a perimeter of roughly 50 meters by 100 meters situated at the northern portion of the petitioner's land devoted to sugar crusher operations in Banga, Plaridel, Bulacan with a total area of 7,114 square meters, more or less.

On November 10, 1967, the private respondent initiated an action for accounting and damages against the petitioner with the Court of Agrarian Relations, Fifth Regional District in Malolos, Bulacan. The case was docketed as CAR Case No. 1963. The complaint alleged, among others, that the private respondent is the present lessee of the petitioner over a certain parcel of riceland formerly owned by the late Gregorio Santos in Banga, Plaridel, Bulacan with a total area of about 5 hectares; that as rentals, the petitioner is paid 45 cavanos of palay for the Regular crop and 28 cavanos of palay for the "binato" or "palagad" crop; that since 1935, the private respondent has been the tenant of the petitioner's agricultural landholding situated in the northern side of the latter's sugar crusher area planted with mango trees; that on April 25, 1964, the petitioner and the private respondent entered into a tenancy contract captioned "Kasunduan ng Pamumuwisan ng Lupang Sakahan" containing a stipulation under paragraph 9 thereof that the fruit trees planted by the former on the subject landholding shall be divided on a 50-50 basis if smudged by the former and if harvested on season, 30% shall go to the farmer; that sometime in June 1967, the petitioner caused the harvesting of the mango fruits from the northern side of his sugar crusher area gathering eight baskets of mangoes without the private respondent's consent and demanding from the latter an accounting of the said fruits; that on November 6, 1967, the petitioner, aided by his household helpers cut down and destroyed 155 banana plants, 24 of which had green fruits to the private respondent's damage at an estimated amount of P215.00 for the payment of which he made a demand from the petitioner; that on November 7, 1967, the petitioner sent a tractor to plow the remnants of the aforesaid

banana plants but the tractor's operator failed to proceed with the plowing upon the request of the private respondent's children; and that the petitioner admitted before the investigator in the Office of the Agrarian Counsel in Malolos, Bulacan that he was responsible for the destruction of the banana plants and the plowing of the area with his tractor.

In his answer with counter-claim, the petitioner, by way of special and affirmative defenses, averred, among others, that the leasehold relationship between him and the private respondent is limited to the five hectare landholding located at Barrio Banga, Plaridel, Bulacan which is described in their tenancy agreement embodied in a document known as "Kasunduan ng Pamumuwisang ng Lupang Sakahan" entered into on April 25, 1964; that his sugar crusher area is a piece of land which is entirely separate and distinct from the five-hectare land which is the object of his leasehold relationship with the private respondent; and that the private respondent has never been a tenant in any portion of the petitioner's sugar crusher area.

On November 13, 1968, the contending parties submitted to the agrarian court their partial stipulation of facts, as follows:

"PARTIAL STIPULATION OF FACTS"

"PARTIES, through their undersigned counsels, respectfully state:

"1. That plaintiff is of legal age, married, and a resident of Banga, Plaridel, Bulacan.

"2. That defendant is also of legal age, single, and a resident of Poblacion, Plaridel, Bulacan.

"3. That plaintiff is the agricultural lessee of defendant over one of his landholdings located at Banga, Plaridel, Bulacan with an area of five (5) hectares, the palay rental thereon being fixed at 45 cavans of palay for the regular crop harvest and 28 cavans of palay for the binato crop harvest. Their tenancy relationship is governed by a document denominated as "Kasunduan ng Pamumuwisang ng Lupang Sakahan", a true copy of which is attached hereto as Annex "A" and made as an integral part hereof.

"4. That parties herein were also the parties in CAR Case No. 1086 (Bulacan, 1964), but herein plaintiff and defendant were the defendant and plaintiff, respectively in the said case. The sugar crusher area which is the subject matter of the instant litigation was touched upon in CAR Case No. 1086 with its identity, description, and boundaries being marked out in a diagram which was submitted as Exhibit "A" for Antonio Castro in connection with his Urgent Motion to Cite Gavino de la Cruz for Contempt, dated August 31, 1965. The said exhibit is being hereto adopted and marked as Annex "B" and made as an integral part hereof.

"WHEREFORE, IT IS MOST RESPECTFULLY PRAYED that the foregoing Partial Stipulation of Facts be approved and that the parties be allowed to adduce additional evidence on controverted matters.

"Manila for Malolos, Bulacan, November 13, 1968." (Rollo, pp. 50-51)

On December 14, 1970, after trial on the merits, the agrarian court dismissed CAR Case No. 1963. It ruled that the private respondent is not a tenant of the petitioner on the portion of landholding in question and has no right to share in the mango trees planted thereon and to ask for damages for the petitioner's act of cutting the banana plants thereon.

On appeal, the respondent court on January 5, 1972, reversed the agrarian court's judgment and ruled that: (1) the positive allegation of the private respondent that he is a tenant over the portion of landholding in question prevails over a mere general and sweeping denial made by the petitioner that the private respondent was never his tenant over the subject portion; (2) the private respondent has been in physical possession of the portion in dispute as tenant since 1934 when its owner was yet a certain Gregorio Santos so that in 1938 when the petitioner became the owner of the sugar crusher land, the tenancy status of the private respondent over the said land was retained

pursuant to sections 7 and 9 of the Agricultural Tenancy Act; and (3) the private respondent has not been judicially ejected nor his tenancy status extinguished by voluntary surrender or abandonment as provided under sec. 6 of the said Act.

In assailing the appellate court's decision, the petitioner presents the following arguments to bolster his case, to wit:

I

"In spite of established jurisprudence, the respondent Court gravely abused its discretion in reversing the findings of fact of the Court of Agrarian Relations which are supported by substantial evidence.

II

The respondent Court gravely abused its discretion in not ruling that the leasehold contract between the petitioner and the private respondent, dated April 25, 1965, excluded the sugar crusher area from their tenancy relationship.

III

Even assuming the findings of fact of respondent court, the inescapable conclusion is still lack of tenancy relationship between the petitioner and respondent de la Cruz.

IV

The respondent court gravely abused its discretion in ordering petitioner to pay to private respondent dela Cruz P30.00 per year from 1964 until possession of the mango trees is restored to the former.

V

The respondent court gravely abused its discretion in awarding P500.00 as attorney's fees in favor of respondent de la Cruz." (Rollo, pp. 11, 17, 19, 22 and 24)

The main issue in this petition is whether or not the private respondent is a bona fide tenant of the particular piece of landholding disputed in this case. The agrarian court found that no tenancy relationship existed between the petitioner and the private respondent with respect to the specific area. On the other hand, the appellate court found otherwise. It declared the private respondent a tenant over the petitioner's sugar crusher land. In view of the disparity in the rulings of the courts below, we have to determine whether or not the respondent court committed grave abuse of discretion amounting to lack of jurisdiction when it disturbed the findings of facts of the Court of Agrarian Relations.

In the case of *Bagsican v. Court of Appeals* (141 SCRA 226, 229-230, January 30, 1986), we held in no uncertain terms that:

"x x x in agrarian cases, all that is required is mere 'substantial evidence'. That has been the consistent ruling of this Court in a long line of cases (*Ulpindo v. CAR*, L-13891, Oct. 31, 1960; *Villaviza v. Panganiban*, 10 SCRA 824; *Gagola v. CAR*, 18 SCRA 992; *Beltran v. Cruz*, 25 SCRA 607). This substantial evidence rule was later incorporated in P.D. 946 which took effect on June 17, 1976 and has been expressly made applicable to agrarian cases. Section 18 of the said decree provides:

"The Court of Appeals shall affirm the decision or order or the portions thereof appealed from if the findings of fact in the said decision or order are supported by substantial evidence as basis thereof, and the conclusions therein are not clearly against the law and jurisprudence. x x x"

"Under this rule, all that the appellate court has to do, insofar as the evidence is concerned, is to find out if the decision is supported by substantial evidence (*Picardal v. Lladas*, 21 SCRA 1483, 1488). So much so that the findings of fact of the Court of Agrarian Relations, if supported by substantial evidence, are conclusive on the appellate tribunal. (*De Chavez v. Zobel, et al.*, 55 SCRA 32 [1974])

"Substantial evidence does not necessarily import preponderant evidence, as is required in an ordinary civil case. It has been defined to be such relevant evidence as a reasonable mind might accept as adequate to support a conclusion and its absence is not shown by stressing that there is contrary evidence on record, direct or circumstantial, for the appellate court cannot substitute its own judgment or criteria for that of the trial court in determining wherein lies the weight of evidence or what evidence is entitled to belief. (*Picardal v. Lladas*, supra)."

In the instant case, we find that the respondent court made erroneous inferences from the facts which were proved. Firstly, it ruled that the private respondent has been a tenant of the disputed area since 1938 when the records do not clearly establish that there was a tenancy relationship between the private respondent and the late Gregorio Santos, the former owner over the particular portion of the landholding dedicated to the crushing of sugar cane. The sugar crusher area must be distinguished from the five-hectare riceland.

Under the then applicable law which was section 6 of the Agricultural Tenancy Act, it was provided that:

"Sec. 6 Tenancy Relationship; Its Definition – Tenancy relationship is a juridical tie which arises between a landholder and a tenant once they agree, expressly or impliedly, to undertake jointly the cultivation of land belonging to the former, either under the share tenancy or leasehold tenancy system, as a result of which relationship the tenant acquires the right to continue working on and cultivating the land until and unless he is dispossessed of his holdings for any of the just causes enumerated in section 50 or the relationship is terminated in accordance with section 9."

The essential requisites of a tenancy relationship are: (1) the parties are the landholder and the tenant; (2) the subject is the agricultural landholding; (3) there is consent between the parties; (4) the purpose is agricultural production; (5) there is personal cultivation by the tenant; and (6) there is a sharing of harvests between landlord and tenant (see *Adamos v. Hon. Bagasao*, G.R. No. 63671, promulgated June 28, 1988 citing *Carag v. Court of Appeals*, 151 SCRA 44).

The claim of the private respondent that he was a tenant of the late Gregorio Santos was established purely by the self-serving testimony of the private respondent alone. Moreover, with respect to the sugar crusher area in question where banana plants were planted, there was no evidence of any sharing arrangement between the late Santos and the private respondent regarding the banana fruits. The act of giving the late Santos the cream of the crop of the banana harvests as presents or gifts is definitely not the element of sharing contemplated by law to establish a tenancy relationship. Hence, the private respondent's right to security of tenure as a tenant over the sugar crusher land does not find any evidentiary support.

Secondly, the leasehold contract between the petitioner and the private respondent designated as "*Kasunduan ng Pamumuwisan ng Lupang Sakahan*" defines the landholding subject matter of the leasehold contract as:

"1. xxx isang lupang sakahan sa Banga, Plaridel, Bulacan, na may sukat na limang (5) ektarya, humigit kumulang, at may binhing apat (4) kaban na palay." (Rollo, p. 35)

There is no doubt that the northern portion of the petitioner's landholding is excluded from the leasehold agreement between the petitioner and the private respondent. Moreover, the private respondent's own testimony admitted that the five-hectare landholding is adjacent to the petitioner's sugar crusher area thereby supporting the latter's claim that the said five hectare land is entirely separate and distinct from the portion under consideration. (tsn, pp. 28-29, hearing of June 29, 1965 in CAR Case No. 1086 cited in tsn, pp. 18-19, hearing of September 16, 1970 in CAR Case-No. 1963; CAR Decision p. 9) The leasehold agreement covers land primarily planted to rice. The disputed property is a piece of sugar crusher land.

Rule 130, section 7 of the Rules of Court categorically provides that:

"SEC. 7. Evidence of written agreements - When the terms of an agreement have been reduced to writing, it is to be considered as containing all such terms, and, therefore, there can be, between the parties and their successors-in-interest, no evidence of the terms of the agreement other than the contents of the writing, except in the following cases:

- (a) Where a mistake or imperfection of the writing or its failure to express the true intent and agreement of the parties, or the validity of the agreement is put in issue by the pleadings;
- (b) When there is an intrinsic ambiguity in the writing."

xxx xxx xxx

If the parties in the aforementioned leasehold agreement intended to include the sugar crusher area in question then they could have embodied the same, with its bananas and mangoes, in their written agreement. In the case of *Rebuldela v. Intermediate Appellate Court* (155 SCRA 520, 529, [November 11, 1987]), we stated that:

"xxx As ruled by the Court in *Del Rosario v. Santos* (108 SCRA 43 [1981]) the parol evidence rule forbids any addition to or contradiction of the terms of a written instrument. Oral testimony cannot prevail over a written agreement of the parties, the purpose of the parol evidence rule being to give stability to written agreements and to remove the temptation and possibility of perjury, which would be afforded if parol evidence were admissible (*Conde v. Court of Appeals*, 119 SCRA 245 [1981])."

The private respondent, in all of his pleadings, never raised as an issue the presence of a mistake or imperfection in the leasehold agreement with the petitioner. Neither was there a claim that the said agreement failed to express the full and true intent and agreement of the parties nor did the private respondent question the validity of the agreement or assert that the agreement suffers from an intrinsic ambiguity.

Lastly, we find reversible error in the appellate court's ruling that:

"That the northern portion of appellee's sugar crusher area is not covered by the leasehold contract Exhibit "A" executed between him and the appellant on April 25, 1964, is evident from the face of that agreement. Nevertheless, it is not evident, even remotely, from the context of the said document, nor elsewhere in the evidence, that when the parties executed the same, the appellant agreed to surrender and relinquish voluntarily his tenancy over the disputed landholding and in lieu thereof to take the 5 hectare land subject matter of Exhibit "A". (Rollo, p. 63)

The ruling assumes something which is not there. When the respondent agreed to be tenant over five hectares of riceland, he was not a tenant over the sugar crusher land. There was nothing to relinquish. What the respondent is trying to do is to include sugar crusher land in the riceland.

It is apparent from the records of this petition that after the execution of the leasehold agreement between the petitioner and the private respondent in 1964, the private respondent was prohibited from entering the northern portion of the petitioner's sugar crusher area. From the very start, the terms of the agreement are clear. The petitioner even fenced the said area and placed "no trespassing" signs around it, thus, preventing the private respondent from smudging the 10 mango trees planted thereon. As regards the banana plants thereon, the fruits thereof had been gathered by the petitioner since 1964 (tsn, pp. 31, 36-37 and 77-78, hearing of June 24, 1970; CAR Decision, p. 7). It is evident that the petitioner's act of enclosing the area in controversy disallowed the private respondent from exercising personal acts of cultivation as regards the said area. It did not form part of their agreement. Absent the elements of consent and personal cultivation by the alleged tenant, no tenancy relationship can be deemed created, not to mention the fact that no sharing arrangement is borne by the circumstances of the present case. Thus, the appellate court erred in applying sections 6 and 9 of the Agricultural Tenancy Act in favor of the private respondent when the aforesaid provisions presuppose the existence of a

tenancy status.

Considering the foregoing, we sustain the factual findings of the agrarian court. To rule otherwise will utterly run against the grain of the well-established doctrine that findings of facts of the Court of Agrarian Relations will not be disturbed on appeal where there is substantial evidence to support them and that our main and only task with respect to the evidence in agrarian cases is to find out if conclusion reached by the lower court is supported by "substantial evidence." (Vda. de Donato v. Court of Appeals, 154 SCRA 119 (1987;); Bagsican v. Court of Appeals, supra)

WHEREFORE, premises considered, the PETITION is GRANTED. The judgment appealed from is hereby REVERSED and SET ASIDE. The decision of the Court of Agrarian Relations dated December 14, 1970 is REINSTATED.

Fernan, C.J., (Chairman), Feliciano, Bidin, and Cortes, JJ., concur.

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