

MIGUEL B. CARAG, PETITIONER, VS. COURT OF APPEALS, LEOCADIO IBAY, RESPONDENTS.

G.R. No. L-48140. June 18, 1987

Ponente: GUTIERREZ, JR., J.

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GUTIERREZ, JR., J.:

This is a petition for review on certiorari of the decision of the Court of Appeals which affirmed in toto the decision of the trial court declaring the existence of a landholder-tenant relationship and nullifying the judgment rendered by the municipal court in favor of herein petitioner for lack of jurisdiction.

The petitioner contends that the appellate court committed an error of law in:

1. Concluding that respondent Leocadio Ibay is an agricultural tenant, although he admitted that he employed laborers since his commencement as a lessee over the land in question and in all phases of work;
2. Concluding that this case falls under the exclusive jurisdiction of the Court of Agrarian Relations as provided in Sec. 7, Republic Act No. 1267, and;
3. Affirming in toto the judgment of the trial court.

The facts of the case as found by the Municipal Court of Solana, Cagayan are as follows:

"xxx Plaintiff is the registered owner of a certain parcel of land situated at Finulu--Cabaritan, Solana, Cagayan identified as Lot 8137-C of the Solana Cadastre with an area of 25 hectares, more or less, covered by Transfer Certificate of Title No. T-5727, more particularly described as follows:

'Lot No. 8137-C, bounded on the N. by Lot 8137-B on the E. by Lot 8394; on the S. by Lot 8136 (heirs of Alejandro Cuntapay) and on the W. by Ammanuitan Creek, containing an area of twenty five (25) hectares, more or less, assessed in the sum of P13,330.00 under Tax Dec. No. 11019 and covered by Transfer Certificate of Title No. T-5727;'

"Sometime in 1955, Tomas Carag, the father of Plaintiff herein and at the same time his overseer on the above-described land, entered into a verbal contract of lease whereby he leased to the defendant-lessee, Leocadio Ibay the western portion of said land covering 11 hectares with the condition that there would be no rental on the land for the first 3 years of the lease and that after the third year, the rental would be at 70-30 share basis.

"In 1961 there was yet another verbal contract of lease between the same parties with the following conditions: (1) Lessee, the herein defendant, would pay as rental to the lessor 15 cavans of palay per hectare for the main crop and (2) 10 cavans of palay per hectare for the second crop on the 11 hectares of land leased.

"All rentals on the land leased were fully paid except the rentals corresponding to the crop year 1970-71 which was paid in part, the plaintiff having received 130 cavans of palay from defendant, leaving a balance of 35 cavans unpaid rentals from the main crop.

"Defendant has actually planted the land to second crop of palay during the month of May, 1971 and has not paid the plaintiff the rental due thereon at 10 cavans per hectare or 110 cavans for the 11 hectares." (Record of Exhibits, pp. 14-15).

Respondent Ibay refused to surrender possession of the land leased to petitioner Carag despite repeated demands from the latter. Hence, on April 2, 1971, the petitioner as plaintiff filed a complaint for unlawful detainer with damages before the above-mentioned municipal court against herein respondent as defendant.

The defendant denied the amount of rentals and set up as defense that he would not vacate the land unless reimbursed for P20,000.00 worth of improvements he had introduced. In his counter-claim Ibay claimed reimbursement for the P20,000.00. There was absolutely no mention of the fact that he was supposed to be a mere tenant.

"In the ocular inspection conducted by the Court on the land in question, it was found that defendant made improvements such as a bodega 8 x 10 feet long with G.I. roofing, the one third portion of which was covered by concrete hollow blocks and valued at P1,500.00 at the time it was constructed. There is also an irrigation system of canals and ditches which defendant introduced as improvement but which made it possible for the defendant to have second crop plantings and harvests. The land was naturally irrigated by the construction of a dam on the Pelagmut and Salamagui Creeks." (Record of Exhibits, p. 16).

While jurisdiction was not raised and was never in issue, the trial court ruled that there was no agricultural leasehold relationship between the plaintiff and defendant in order to determine the applicable law. Hence, it ruled that the provisions of the Civil Code on civil lease applied in the case at bar. It then proceeded to rule against respondent Ibay ordering him, inter alia, to vacate the land in question.

Said Decision became final and executory. A writ of execution was issued on March 14, 1972.

On March 21, 1972, before the decision could be executed, respondent Ibay filed before the then Court of First Instance of Cagayan an action to annul the decision with preliminary injunction the ground that due to the existence of an agricultural leasehold relationship between the parties, the municipal court had no jurisdiction to hear the case, the same being within the original and exclusive jurisdiction of the Court of Agrarian Relations.

The court of first instance ruled in favor of respondent Ibay, declaring the decision rendered by the municipal court as null and void for lack of jurisdiction. On appeal, the respondent appellate court affirmed in toto the lower court's decision. Hence, the present petition.

The sole issue to be resolved in the present petition is whether or not a tenancy relationship exists between the parties.

The petitioner insists that Ibay was a civil lessee. He alleges that there was no existing tenancy relationship between them, absent the element of personal cultivation. Ibay himself admitted that he did not personally cultivate the land in question; instead he hired laborers.

On this point, the respondent Court stated that:

"xxx It is very true that the plaintiff admitted while on the witness stand on July 14, 1972 that he used to employ laborers in the cultivation of the land. This must be so only recently because of the big parcels of land he has to cultivate but this does not change the situation and concept that the defendant is an agricultural tenant or lessee of the property in question and not a mere civil law lessee as claimed by the defendant." (Rollo, pp. 22-23).

Furthermore, the respondent court adopted the trial court's observation that:

"Conceding that plaintiff does not now personally cultivate the land, such failure is simply an infringement committed after the agreement was consummated and implemented. The failure therefore, cannot be utilized or considered as a factor to determine what that agreement is, whether it is a civil lease or tenancy relationship. It may be, nonetheless, a ground to rescind the agreement." (Rollo, p. 24).

The Agricultural Tenancy Act which is the law applicable to the alleged tenancy relations of the landholding in question defines "agricultural tenancy" as -

"xxx the physical possession by a person of land devoted to agriculture, belonging to or legally possessed by another for the purpose of production through the labor of the former and of the members of his immediate farm household in consideration of which the former agrees to share the harvest with the latter or to pay a price certain or ascertainable, either in produce or in money, or in both." (Sec. 3, R.A. No. 1199; 50 O.G. 4655-56).

In the case of *Matienzo v. Servidad* (107 SCRA 276) we defined a tenant, pursuant to section 5(a) of Republic Act No. 1199, as a person who, himself, and with the aid available from within his immediate household, cultivates the land belonging to or possessed by another, with the latter's consent for purposes of production, sharing the produce with the landholder under the share tenancy system, or paying to the landholder a price certain or ascertainable, in produce or in money or both, under the leasehold tenancy system.

Moreover, Sec. 5(o) of Rep. Act No. 1199 provides:

"Immediate farm household includes the members of the family of the tenant, and such other person or persons, whether related to the tenant or not, who are dependent upon him for support and who usually help him operate the farm enterprise."

It can be gathered from the above definitions that the essential requisites of a tenancy relationship are: (1) the parties are the landholder and the tenant; (2) the subject is agricultural land; (3) there is consent; (4) the purpose is agricultural production; (5) there is personal cultivation; and (6) there is sharing of harvests. (See *Tiongson v. Court of Appeals*, 130 SCRA 482; *Guerrero v. Court of Appeals*, 142 SCRA 136).

The petitioner raises as a main issue that the fifth requisite namely personal cultivation, is lacking in their disputed relationship.

The respondent admitted hiring laborers to work in the land in question when he testified:

"Q. And from the time you took possession of the land in question up to the present, you use laborers. That is correct?

"A. Yes, sir.

"Q. And that includes also the pulling of the seedlings, preparation of the seedbeds and up to the planting, Is it not?

ATTY. AQUINO:

Objection. Imagine if we go to planting of the seedbeds and harvesting...

"COURT:

The witness admits that he employs laborers.

"ATTY. MALLONGA:

"Q. Of course in the harvesting of palay, you again employ laborers to do the harvesting as well as the

bundling?

"ATTY. AQUINO:

Objection, bundling is...

"COURT:

He employs seven. He employs laborers.

"ATTY. MALLONGA:

"Q. And you employ seven persons, ten persons

"ATTY. AQUINO:

Objection, already answered.

"ATTY. MALLONGA:

I am asking the minimum laborers he employs.

"ATTY. AQUINO:

The question asks for ten laborers.

"COURT:

Will you please...

"ATTY. MALLONGA:

I am asking clarification if he might employ more than seven up to ten?

"COURT:

According to the witness, he employed already seven.

"ATTY. MALLONGA:

I am asking if he employs more than seven, although he admits employing laborers.

"COURT:

"Q. In employing seven laborers, how did they work during the whole year of cultivation?

"A. They harvest, plant and everything that is worked on the land.

"ATTY. MALLONGA:

"Q. And you pay your laborers fifteen cavans each yearly (sic) for working on the land?

"ATTY. AQUINO:

That constitute a contestible issue, so I object to the question.

"ATTY. MALLONGA:

If he is not working, he is a civil lessor.

"COURT:

He admits that he works and pays his laborers under the minimum wage law."

(TSN, July 28, 1972, pp. 10-12).

From the definition of a tenant and the admission made by respondent, it is clear that absent the important factor of cultivation, no tenancy relationship had ever existed between the parties.

There may have been sharing of harvests but such is not a positive indication of the existence of tenancy relations per se as it must be taken together with other factors characteristic of tenancy. (*Guerrero v. Court of Appeals*, supra). The fact that the respondent never raised the issue of tenancy when he filed the answer to the ejectment complaint is significant. To a genuine tenant, that would have been the first thing to come to mind. He thought of raising the issue of tenancy only when the decision was being executed and he countered with the complaint to annul the municipal court's decision. The total area leased to Mr. Ibay in 1955 by the petitioner and one Florencio Cuntapay and Angel Carag was 40 hectares. (Decision of Municipal Court of Solana, p. 3; Record of Exhibits, p. 16; T.S.N., July 14, 1972, pp. 30 and 38). The area alone is indicative of a civil lease. There are other circumstances of this case showing there is no agricultural landlord-tenant between the parties but above, are sufficient.

There appears to be no dispute over the factual findings of the respondent court of Solana, Cagayan regarding the claim of the petitioner for damages. The dispositive portion of the decision of the municipal court reads:

"In view of the foregoing, the court hereby renders judgment (1) ordering defendant to vacate the land in question and return the material possession thereof to the plaintiff; (2) ordering the defendant to pay the plaintiff 35 cavans of palay at 46 kilos per cavan representing the unpaid balance of the rental for the regular crop year 1970-71; (3) ordering the defendant to pay the plaintiff 110 cavans of palay at 46 kilos per cavan covering the rental for the second crop for the year 1971; (4) ordering the defendant to pay 165 cavans plus 110 cavans for the regular and second crop or a total of 275 cavans of palay at 46 kilos per cavan by way of annual rentals during the pendency of this action until said land is restored to the possession of the plaintiff; (5) ordering the defendant to remove his bodega if plaintiff do not chose to exercise his option of paying 1/2 of P1,500.00 value at the time of construction of said bodega; and (6) ordering the defendant to pay plaintiff P500.00 for attorney's fees and pay the costs of this suit." (p. 20, Original Record on Appeal).

WHEREFORE, the decision of the appellate court is hereby SET ASIDE. The decision of the Municipal Court of Solana, Cagayan is reinstated and should be executed immediately.

SO ORDERED.

Fernan, (Chairman), Paras, Padilla, Bidin, and Cortes, JJ., concur.

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