

FRANCISCO NOVESTERAS, PETITIONER, VS. THE HON. COURT OF APPEALS AND FABIO RAMOS, RESPONDENTS.

G.R. No. L-36654. March 31, 1987

Ponente: PARAS, J.

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PARAS, J.:

This is a petition for review on certiorari of the decision of respondent Court of Appeals in CA-G.R. No. 00592-R* affirming the decision of the Court of Agrarian Relations of Paniqui, Tarlac, the dispositive part of the Agrarian Court's decision reading -

"WHEREFORE, the Court hereby declares that Exhibits '5', '6' and '7' together with Exhibits '6-A', '6-1' and '7-A', '7-1', are contracts of civil law lease, under the provisions of the Civil Code, thus, the relationship created by the plaintiff Francisco Novesteras and Fabio Ramos over the land-holding in question is purely of a civil law lease contract under the Civil Code and not under the provisions of Rep. Act No. 1199 and Rep. Act No. 3844, hence, there is no agricultural tenancy relationship between the plaintiff Francisco Novesteras and defendant Fabio Ramos.

"Consequently, this case is hereby dis-missed for lack of jurisdiction of the Court on the subject matter of this action."

The facts of the case are as follows:

Petitioner was share tenant of private Respondent over two parcels of land situated in Barrio Bawa, Gerona, Tarlac with an area of 3.3491 ha. more or less, for one agricultural year. At the end of such year, Respondent entered into a contract with Rosendo Porlucas denominated as a contract of civil lease over the same parcels of land for the following crop year for a consideration of P1,400.00 in cash (Exh. "5"). Porlucas did not farm the land himself but left it to Petitioner to till the land as his tenant, planting palay and sugar on it during said crop year. After the expiration of the contract between Respondent and Porlucas, the latter surrendered the landholding to Respondent after which a three-year contract, renewable for another three years, depending upon the will of the lessor, was entered into between Petitioner and Respondent, also denominated as contract of civil lease over the same parcels of land, in consi-deration of which Petitioner was to pay Respondent 60 cavans of palay of first class variety, such as BE-E, Concehala or wagwag, dikit, raminad, etc., 47 kilos per cavan or its equivalent in cash at the rate of P20.00 a cavan, not later than February 14 of each year. Peti-tioner was to shoulder the irrigation fee (Exhibit "6"). It appears that Petitioner gave as security a certain parcel of land under Declaration No. 1234 situated at Dawa, Gerona, Tarlac, to answer for any failure on his part to pay the rentals plus 12% interest a month (Exh. "6-A", Rollo, p. 5). The lease was renewed for another three agricultural years, renewable for another term of three years (Exh. "7"). However, respondent informed petitioner in a letter that the former was no longer amenable to a renewal.

Immediately after the expiration of the contract, Respondent entered and plowed the land by tractor and planted 1-1/2 has. of the land with sugar cane shoots. Petitioner also planted sugar cane on a portion of the land plowed by

Respondent. Thus in another letter, Respondent reminded Petitioner of the expiration of their contract of lease and that the latter had nothing more to do with the land. Respondent reiterated that he was against renewal of the lease for another three years (Exh. "9").

Petitioner eventually filed an action in the Court of Agrarian Relations of Paniqui, Tarlac, for the maintenance of the plaintiff (Petitioner herein) by the defendant (private Respondent herein) in the peaceful possession and enjoyment of the two parcels of land in question with a prayer that pending the litigation an interlocutory order be issued for the purpose (Rollo, p. 14). Respondent, on the other hand, filed a motion with the same court for the issuance of an interlocutory order enjoining Petitioner from entering the land and maintaining him in the possession of the land in question. In his Answer with counterclaim, filed with the Court of Agrarian Relations, Respondent prayed that judgment be rendered declaring the contract between Petitioner and Respondent one of civil law lease and therefore said Court had no jurisdiction over the case, ordering the plaintiff to pay to the defendant P2,000.00 as moral damages and P500.00 as attorney's fees, on the basis of defendant's counterclaim; and maintaining the possession of the defendant over the landholdings in question (Rollo, p. 16). The Court of Agrarian Relations issued an Order declaring the contract between Petitioner and Respondent as a contract of civil law lease and dismissed the case for lack of jurisdiction (Rollo, p. 23). On appeal, respondent Court affirmed the Order of the trial court in its decision with the following decretal portion -

"WHEREFORE, there being no reversible error in the decision appealed from, we hereby AFFIRM the same."

Petitioner's motion for reconsideration (Rollo, p. 86) was denied by Respondent Court. Thus, this Petition for Review on certiorari.

The Court resolved to give due course to the petition (Rollo, p. 103).

On Respondent's death, he was substituted by his heirs.

The assigned errors follow:

I

THE COURT OF APPEALS ERRED IN UPHOLDING THE FINDING OF THE COURT OF AGRARIAN RELATIONS THAT PLAINTIFF WAS NOT DULY INSTITUTED AS TENANT BY ROSENDO PORLUCAS ON THE LANDHOLDING IN QUESTION IN RELATION TO EXHIBIT "5" x x x.

II

THE COURT OF APPEALS ERRED IN UPHOLDING THE ORDER OF THE COURT OF AGRARIAN RELATIONS FINDING THAT UPON THE EXPIRATION OF THE LEASE CONTRACT BETWEEN DEFENDANT AND ROSENDO PORLUCAS, FRANCISCO NOVESTERAS WAS SUBROGATED BY ROSENDO PORLUCAS AS A CIVIL LESSEE.

III

THE COURT OF APPEALS ERRED IN UPHOLDING THE FINDINGS OF THE COURT DECLARING THE CONTRACT ENTERED INTO BETWEEN DEFENDANT-APPELLEE AND ROSENDO PORLUCAS MARKED AS EXHIBITS "6" and "7" TO BE A CIVIL LAW LEASE CONTRACT AND NOT AN AGRICULTURAL LEASEHOLD CONTRACT.

IV

THE COURT OF APPEALS ERRED IN UPHOLDING THE FINDINGS OF THE COURT OF AGRARIAN RELATIONS DISMISSING THE COMPLAINT FOR LACK OF JURISDICTION.

The sole issue that must be resolved by the Court is the question of whether or not agricultural tenancy relationship was established between the Petitioner and the Respondent in relation to the landholding in question.

The answer is in the affirmative.

It is undisputed that during the original agricultural year, Petitioner was share tenant of Respondent (Rollo, p. 19) but respondent claims that at the end of the agricultural year, Petitioner returned the landholding. This is, however, denied by Petitioner who testified during the hearing of the case in the Court of Agrarian Relations that from the time he began to work on the landholding during the Japanese Occupation up to the time when the relationship between him and respondent was changed to leasehold, he continuously worked on the landholding in question. This is corroborated by Porlucas who testified that he did not farm the land himself. Just after the execution of the contract between him and Respondent, Petitioner told him that he (Petitioner) would be the one to till the land. In fact, Petitioner worked on, cultivated and planted on the landholding and harvest-ed the crops. Furthermore, it is highly improbable that Petitioner who had been working on the land throughout the years would voluntarily return the land to his land-lord to be given to a civil lessee, and then ask the lessor to be allowed to till the landholding in question.

With the advent of the Agricultural Land Reform Code the share tenancy relationship between Petitioner and Respondent had to end. It was replaced by agricultural leasehold tenancy. The Code provides that "where the agricultural share tenancy has ceased to be operative by virtue of this Code. . . and the tenant continues in possession of the land for cultivation, there shall be presumed to exist a leasehold relationship under the provisions of this Code..." (Sec. 4, Republic Act No. 3844). Such leasehold relation with Respondent conferred upon Petitioner the right to continue working on the landholding until the leasehold relation is extinguished and it entitled him to security of tenure on the landholding such that he cannot be ejected therefrom unless authorized by the Court for causes provided in the Code (Sec. 7 of the Code). Tenants are guaranteed security of tenure, meaning the continued enjoyment and possession of their landholding except when their dispossession has been authorized by virtue of a final and executory judgment (Catorce v. Court of Appeals, 129 SCRA 210 [1984]).

Assuming, for the sake of argument, however, that Petitioner, ignorant of his rights under the then newly passed Agricultural Land Reform Code, returned the land-holding to Respondent, nevertheless, it is undisputed that Petitioner was instituted as tenant over the same landholding by Rosendo Porlucas with whom Respondent had entered into a contract of civil law lease (Exh. "5"). Even after the expiration of the lease agreement between Respondent and Porlucas and the return of the landholding to Respondent, the security of tenure of Petitioner as tenant over the landholding remained secure. In the case of Joya v. Pareja, 106 Phil. 645 (1959) which also involves a civil law lease of agricultural land, the Court ruled:

"It is our considered judgment, since the return by the lessee of the leased property to the lessor upon the expiration of the contract involves also a transfer of legal possession, and taking into account the manifest intent of the lawmaking body in amending the law, i.e., to provide the tenant with security of tenure in all cases of transfer of legal possession, that the instant case falls within and is governed by the provisions of Section 9 of Republic Act 1199, as amended by Republic Act 2263. The termination of the lease, therefore, did not divest the tenant of the right to remain on and continue his cultivation of the land."

The Agricultural Tenancy Act of 1954 (Republic Act 1199), the Agricultural Land Reform Code of 1963 (Republic Act 3844), the Code of Agrarian Reforms (Republic Act 6389), all provide for the security of tenure of

agricultural tenants (*Guerrero v. Court of Appeals*, 142 SCRA 136 [1986]; *Aisporna v. CA*, 108 SCRA 481 [1981]; *Matienzo v. Servidad*, 107 SCRA 276 [1981]).

Already enjoying security of tenure as share tenant of Respondent before the approval of the Agricultural Land Reform Code and as tenant of Porlucas, notwithstanding, Petitioner entered into a lease contract with Respondent for a period of three agricultural years (Exh. "6") which was renewed for another three agricultural years (Exh. "7" and "7-J"), denominated as contract of civil law lease. The trial court rightly cited the case of *Japitana v. Hechanova* (90 Phil. 750 [1952]) wherein the Court ruled: "that the juridical character of the relationship between the appellant and the appellee should not be determined by the term used to describe such relationship" (Rollo, p. 43). It nonetheless erroneously concluded that the contracts of lease between Petitioner-Respondent was a civil law lease based on its observation that Plaintiff simply stepped into the shoes of Porlucas in the latter's capacity as mere lessee of the landholding and voluntarily changing his status from tenant to mere civil law lessee (Rollo, p. 45). Respondent Court agreed with the court a quo (Rollo, p. 100).

Be it noted that, as ruled by the Supreme Court, the title, label or rubric given to a contract cannot be used to camouflage the real import of an agreement as evinced by its main provisions. Moreover, it is basic that a contract is what the law defines it to be, and not what it is called by the contracting parties" (*Teodoro v. Macaraeg*, 27 SCRA 7 [1969], citing *Quiroga v. Parsons Hardware Co.*, 38 Phil. 501).

A tenant is defined under Section 5(a) of Republic Act No. 1199 as a person who, himself, and with the aid available from within his immediate household, culti-vates 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 (*Matienzo v. Servidad*, 107 SCRA 276 [1981]). This Court has synthesized the principal elements of a leasehold tenancy contract or relation as follows: (1) The object of the contract or the relationship is an agricultural land which is leased or rented for the purpose of agricultural production; (2) the size of the landholding must be such that it is susceptible of personal cultivation by a single person with assistance from the members of his immediate farm household; (3) the tenant-lessee must actually and per-sonally till, cultivate or operate said land, solely or with the aid of labor from his immediate farm household; and (4) the landlord-lessor, who is either the lawful owner or the legal possessor of the land, leases the same to the tenant lessee for a price certain or ascertainable either in an amount of money or produce (*Teodoro v. Macaraeg*, 27 SCRA 7 [1969]).

There is no doubt that the contract between Respon-dent and Porlucas is not a leasehold tenancy contract as it does not fulfill the requirements of one. Porlucas never had the intention of cultivating the landholding personally, in fact, Petitioner cultivated the land as his tenant (TSN, July 17, 1971, pp. 21, 26). The con-tracts entered into between Petitioner and Respondent are of a different nature. Petitioner leased the land-holding for the purpose of agricultural production. He was a farmer and had no need for the landholding except to cultivate it as he had done in the past. In fact, that must have been the expectation also of Respondent in requiring Petitioner to pay for the rental 60 cavans of palay of first class variety such as BE-3, Concehala or Wagwag, Diket or Raminad (TSN, July 17, 1971, p. 38). Petitioner personally cultivated the land; he never allowed somebody else to work on the landholding (TSN, July 17, 1971, p. 43). The consideration was in an ascertainable amount, 60 cavans of palay during each agri-cultural year. Both contracts (Exh. "6" and Exhs. "7" and "7-J") satisfy the basic requirements of an agricultural leasehold tenancy contract. Petitioner, being a de jure tenant-lessee, is entitled to invoke the secu-rity of tenure guaranteed by the Agricultural Tenancy Law (R.A. 1199), the Agricultural Land Reform Code (R.A. 3844), which security has not been abolished by the Code of Agrarian Reforms or R.A. 6389 (*Matienzo v. Servidad*, 107 SCRA 276 [1981]; *Aisporma v. Court of Appeals*, 108 SCRA 481 [1981]; *Guerrero v. Court of Appeals*, 142 SCRA 136 [1986]). The status of Petitioner as tenant-lessee is thus established on three counts, as

existing. Petitioner is still in possession of the landholding in question (Rollo, p. 24).

PREMISES CONSIDERED, the decision of Respondent Court is hereby REVERSED and SET ASIDE, and the contract of lease entered into between Petitioner and Respondent (Exh. "6" and Exhs. "7" and "7-J") is hereby declared as an agricultural leasehold contract.

SO ORDERED.

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

* Penned by Justice Luis B. Reyes concurred in by Justices Hermogenes Concepcion Jr. and Andres Reyes.

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