

**VALENTIN CAMACHO, BONIFACIO MACARAHAS, ET AL.,
PETITIONERS, VS. COURT OF INDUSTRIAL RELATIONS, ANGELES
CANSON AND TERESA MELGAR DE CARRETERO, RESPONDENT.**

G.R. No. L-1505. May 12, 1948

Ponente: FERIA, J.

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FERIA, J.:

This is an appeal from the decision of the Court of Industrial Relations which reversed that of the Tenancy Law Enforcement Division of the Department of Justice that ordered a 70 per cent and 30 per cent division in favor of the petitioners hereinafter deducting from the gross produce the expenses of harvesting and threshing, the palay planted in the haciendas of the now respondents located in the Municipality of Sta. Barbara, Pangasinan, during the agricultural year of 1946-1947.

The decision appealed from declares that the participations of the parties in this case should be governed, not by the provisions of section 3 of Act No. 34 which amended section 8 of Act No. 4054, as decided by the said Tenancy Division of the Department of Justice, but by an oral contract embodying the old customs of tenancy sharing observed by the parties, in accordance with section 8 of Act No. 4054 which according to the lower court's theory recognizes the validity of an oral contract. The grounds on which the Court of Industrial Relations bases its decision is that, although "the records show that Act No. 4054 had been proclaimed effective in the Province of Pangasinan in January, 1937, Act No. 53 seems to recognize an oral contract in spite of section 4, of said Act No. 4054;" and there being an "oral contract embodying the old customs of tenancy sharing observed by the parties prior to 1945-1946 agricultural year," Republic Act No. 34 which amended Act No. 4054 in force in Pangasinan, since 1937 can not be applied to tenancy relation between the parties in this case without impairing the obligations of contract and infringing the Constitution.

After a mature deliberation, we are of the opinion, and so hold, that the decision of the lower court is contrary to law and, therefore, must be reversed.

Section 4 of Act No. 4054 provides that "the contract on share tenancy in order to be valid and binding shall be in writing, drawn in triplicate in the language known to all the parties thereto to be signed or thumbmarked both by the landlord or his authorized representative and by the tenant before two witnesses, one to be chosen by each party." But, in view of the provisions of section 1 of Commonwealth Act No. 53, promulgated on October 17, 1936, which prescribes that "where a covenant or contract made between the owner of land and a lessee or tenant on share thereof has not been reduced to writing or has not been set forth in a document written in a language known to the lessee or tenant, the testimony of such lessee or tenant "shall be accepted as prima facie evidence on the terms of a covenant or contract," the lower court concluded that oral contracts are recognized by law in spite of the provision of section 4 of Act No. 4054 quoted in the preceding paragraph, and therefore the oral contract embodying the old customs of tenancy sharing observed by the parties in this case prior to 1945-1946 agricultural year, was valid in Santa Barbara, Pangasinan, in spite of the provisions of section 4 of Act No. 4054; and that the

effectivity in Pangasinan of Republic Act No. 34, which amended section 8 of said Act No. 4054 relating to saare basis, started from November 12, 1946, when the President issued Proclamation No. 14 declaring the provision of Act No. 4054, as amended, to be in full force and effect throughout the Philippines, and not before.

It is obvious that the conclusions of the lower court that (1) the so called oral contract between the parties in this case was valid and binding upon the parties during the agricultural year 1946-1947, and (2) that Republic Act No. 34 amendatory of section 8 and other sections of Act No. 4054 became effective in Pangasinan on November 12, 1946 the date of the Proclamation, No.14, are erroneous because they are based on incorrect premises.

(1) The major premise of the first conclusion is not correct. It is elementary rule that a subsequent general law should not be construed to repeal or modify a prior special law; and that repeal by implication is not favored, and therefore the former and subsequent act must if possible, be so construed as to give effect to both. Hence, Commonwealth Act No. 53 which refers to "covenant or contract made between the owner of land and a lessee or tenant on share thereof" in general, and does not mention or make any reference to Act No. 4054 should be construed to apply to tenancy contracts on all other agricultural products which may be oral, as well as to tenancy contract on rice in provinces where Act No. 4054 had not yet then made effective by Proclamation in which oral tenancy contracts were valid; but not in those where said No. 4054 was proclaimed to be effective and, therefore, oral contracts are not valid and binding. Because, if in the latter oral contract is not valid and binding, no amount of evidence of whatever kind can be admitted to prove the legal existence and terms thereof; and besides it is unconceivable that the Legislature had intended, for it would be retrogressive, to practically repeal section 4 of Act No. 4054 enacted for the purpose of preventing serious controversies that may arise as a result of the conflicting interpretation of verbal contracts and other agreements affecting rice tenancy between landlords and tenants.

The provisions of Act No. 4054, which provides in its section 4 that an oral contract or share tenancy is not valid and binding, having been in force in the province of Pangasinan since January 20, 1937, there could not legally exists an effective oral contract between the parties embodying the old customs of tenancy sharing observed by the parties prior to 1945-1946 agricultural year, and therefore the rice sharing tenancy between the parties must be governed since the year 1937 by the provisions of section 8 of Act No. 4054 and its amendments.

(2) The major premise of the other conclusion is also incorrect. Proclamation No. 14 issued by the President of the Philippines dated November 30, 1946, which declares the provisions of Act No. 4054, as amended, to be in full force and effect throughout the Philippines, was obviously intended for territories in the Philippines in which said Act had not yet been declared in force by Proclamation Prior to said date, and not to provinces, like Pangasinan, where Act No. 4054 had already been put in force since January 20, 1937, which Proclamation was never set aside or suspended. It is therefore clear that Act No. 34, amendatory of said Act No. 4054, became effective ipso facto in Pangasinan since the date of its passage, September 30, 1946, in which, according to the express provision of section 4 thereof became effective; because an amendment of a law being a part of the original which is already in force and effect in a certain territory, must necessarily become effective therein as a part of the amended law at the time the amendment takes effect. Section 4 of Republic Act No. 34 provides that the Act shall take effect immediately, that is, upon its passage or approval by the President on September 30, 1946; and a statute which is to take immediate effect is operative from the exact instance of its becoming law.

Taking into consideration that our Constitution, not only does not place any limitation on the general legislative power, but ordains Congress to "regulate the relations between landowner and tenant" (section 6, Article XIV), and provides that "the promotion of social justice to insure the well-being and economic security of all the people should be the concern of the State" (section 5, Article II); that it is a "well settled rule that the history of a legislation is also important in interpreting the intention of the legislative body, and therefore courts may refer to

messages of the executive to the legislature (2 Sutherland's Statutory Construction, (3rd ed., Section 5002, 5004, pp. 481-489); that the President in its message to Congress of the Philippines on August 8, 1946, in recommending the earliest approval of the proposed amendments to the tenancy law embodied in Republic Act No. 34, which "establish the fairest possible contractual basis between the tenant and landowner," according to the Message, the President said that "In view of the fact that the planting season of rice is under way and that the harvest will take place before the next session of the Congress, I earnestly request that this matter receives your early attention and that the proposed amendment be enacted at an early date"; and that Act No. 34 was passed by Congress and approved by the President on September 30, 1946 to take effect immediately; it is to be inferred that it was the intention of the Congress to make it applicable to the harvest of rice during the agricultural year 1946-1947.

No retrospective effect would be given to said provision of section 8 of the Act No. 4054, as amended by section 3 of the Republic Act No. 34 relating to share basis, if applied to the rice harvested during agricultural year 1946-1947; because said Act No. 34 became effective on September 30, that is before the expiration of the agricultural year 1946-1947, for "one agricultural year shall mean the length of time necessary for the preparation of the land sowing, planting and harvesting a crop" (section 6, Act No. 4054), and the crop in question had been, according to the conclusion of fact of the lower court, planted during May and harvested during the months from October to December, 1946, and even January, 1947. And it is a well established rule recognized by all authorities without exception, that a retrospective or retroactive law is that which creates a new obligation, imposes a new duty or attaches a new disability in respect to a transaction already past; but that statute is not made retrospective because it draws on antecedent facts for its operation, or in other words part of the requirements for its action and application is drawn from a time antedating its passage (See cases cited in 37 Words and Phrases, pp. 530-533).

But even if to apply Republic Act No. 34 to the tenancy relations in agricultural year 1946-1947 between the parties would be tantamount to giving said Act retroactive or retrospective effect, our Constitution does not in terms prohibit the enactment of retrospective laws which do not impair the obligations of contract or deprive a person of property without due process of law, that is, which do not divest rights of property and vested rights. It is evident that there being no valid or binding oral tenancy contract, nor a written one for that matter, between parties prior to the date Act No. 34 became effective, no obligations of contract could be impaired by the application of said Republic Act No. 34. And no vested right having been acquired by the parties over the 1946-1947 rice crop under the provision of section 8 of Act No. 4054, applicable to the division of the crop in the absence of a contract in writing between the parties, before it was amended by Republic Act No. 34, no vested right could be affected by the application of said Act No. 34 to the tenancy share in 1946-1947 rice crop.

In view of all the foregoing, and the fact that the conditions set forth in section 8 of Act No. 4054, as amended by section 3 of the Republic Act No. 34, are complied with in the present case as found by the lower court in its decision that is, that the tenant owns the work animals and the necessary implements, that he defrayed the cost of plowing and cultivation, and that the cost of harvest and threshing were deducted from the gross produce, the decision appealed from is reversed or set aside, and the decision by the Tenancy Law Enforcement Division of the Department of Justice, in so far as it applies the provisions of said Act No. 34 to the present case, be carried out, with costs against the respondent. So ordered.

Moran, C.J., Parás, Pablo, Perfecto, Briones, and Padilla, JJ. concur.

DISSENTING

HILADO, J.:

I dissent.

Among the facts stipulated by the parties, as narrated on pages 2-3 of the decision of the Court of Industrial Relations, is that the rice planting season of 1946-1947 on the lands involved herein commenced in May and ended in July. It is therefore obvious that the palay crops in question were planted during those months of the year 1946. It behooves us, consequently, to inquire: What was the governing provision of the law at the time as to the respective shares that should pertain to the tenants and to the landlords? For it goes without saying that both landlords and tenants must be taken to have entered into their relation as such, for that agricultural year, in view of, and pursuant to? those legal provisions.

Section 8 of Act No. 4054 provides:

"SEC. 8. Share basis.— In the absence of any written agreement to the contrary and when the necessary implements and the work animals are furnished by the tenant; and the expenses for planting, harvesting, threshing, irrigation and fertilizer, if any, as well as other expenses incident to the proper cultivation of the land, are borne equally by both the landlord and tenant, the crop shall be divided equally. The division shall be made in the same place where the crop has been threshed and each party shall transport his share to his warehouse, unless the contrary is stipulated by the parties: Provided, however, That when the landlord furnishes the work animal gratuitously it shall be deemed as a special consideration, and the tenant shall be obliged to transport the share of the landlord to his warehouse if it is within the municipality where the land cultivated is situated."

The above quoted provision, along with the other sections of said Act No. 4054, was proclaimed effective in the province of Pangasinan in January, 1937, as found by the Court of Industrial Relations in its decision appealed from. Hence, there being no written contract of tenancy between the instant parties, their shares in the crops under consideration must be determined pursuant to said section 8, which was in force when they entered into their relation, when the landlords agreed to let the tenants work their lands and the latter to work them for the planting and raising of palay. In effect, the law, because they themselves did not in writing fix them, fixed their shares in the crop upon a 50-50 basis when the necessary implements and the work animals were furnished by the tenants, and the expenses for planting, harvesting, threshing, irrigation and fertilizer, if any, as well as other expenses incident to the proper cultivation of the land, were borne equally by both the landlords and tenants. The Court of Industrial Relations decided that the crops in question shall be divided pursuant to said section 8, with the requirement (in order to adjust matters exactly to the legal mandate) that the landlords shall reimburse the tenants for one-half of the expenses of planting and others incidental to the proper cultivation of the said lands, the said tenants being the owners of their work animals and implements, the landlords having supplied only the seeds. In my opinion this is a correct solution of the problem, with the sole modification that the tenants should also be required to reimburse the landlords for one-half of the seeds thus supplied or their reasonable value.

I believe that when enacting Republic Act No. 34, amendatory of Act No. 4054, the Congress, and in issuing his proclamation No. 14 of November 12, 1946, the President, did not intend that said amendatory act or said proclamation should be applicable to crops already planted pursuant to the former legal provisions in force at the time of the planting and before the amendment. Section 4 of Republic Act No. 34 itself clearly evinces the intention to give it only prospective effect, and neither said act nor said proclamation contain express terms of retroactivity.

Furthermore, for the law, as in the case of section 8 of Act No. 4054, to tell the landlord and the tenant that if they

do not stipulate to the contrary in writing their shares in the product shall be equal, as therein defined and specified, and after both parties have accordingly acted, and when the planted crops are already bearing fruit and nearing harvest, or being harvested, to change the sharing basis from 50-50 to 70-30 or the like, would be to my mind nothing short of a deception practised by the law upon the prejudiced party. I cannot support such an absurd construction. No consideration of social justice can possibly justify such an injustice to the landlord or to the tenant, whoever comes out prejudiced by the ex post facto change in the law. If the change, as happened through Republic Act No. 34, was against the landlord, it might well have been that he would not have agreed to enter into that landlord-tenant relation if the law had been changed before its creation. And we can also suppose that if such change had been adverse to the tenant and had been made before the initiation of the landlord-tenant relation, such tenant might not have entered into it and invested labor or money thereunder.

The construction in favor of giving the amendment retroactive effectiveness, on the score of social justice, in the first place would appear rather to tend toward socialism, and in the second, might tend to the prejudice of the tenants themselves. I say socialism because it subjects the landlord's property to use and enjoyment by the tenant upon terms not voluntarily accepted by the former but arbitrarily imposed by the government after said landlord had agreed to let his property be worked by the tenant under terms required or permitted by the law in force at the time. And I say to the prejudice of the tenant himself, because it is not hard to see that under such a regime no reasonably prudent landlord would be inclined to allow his property to be worked by a tenant for fear that at any time before the actual division of the crop the government may arbitrarily change his share in the crop from that which was required or permitted when he delivered his property to be worked by his tenant, without such landlord being able to foresee or even guess how great the change might come out to be. For instance, under such a theory the government might have changed the shares from 50-50 to 90-10 or any other proportion more onerous to the landlord than 70-30. In such a state of affairs it is easily comprehensible that tenants would likely be deprived of the very opportunity to work landlords' lands and find it hard to find lands to work, with the result that what was thought to be a measure of social justice for the amelioration of their lot may on the contrary tend to aggravate their situation.

BENGZON, J.:

I believe, like Mr. Justice Hilado, that the law should not apply to contracts already existing at the time of its approval. I join his dissent.

TUASON, J.:

I concur in Mr. Justice Hilado's dissenting opinion.

Decision reversed.

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