

ALBERTO DE SANTOS, ARTURO DE SANTOS, ALICIA DE SANTOS-MALOLES AND DE SANTOS AGRICULTUAL DEVELOPMENT, INC., PETITIONERS, VS. HON. JOSE N. SANTOS, ASSOCIATE JUDGE OF THE COURT OF ...

G.R. No. L-15424. July 28, 1961

Ponente: PADILLA, J.

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PADILLA, J.:

Appeal under section 13, Republic Act No. 1267, as amended by Republic Act No. 1409, from a judgment dated 22 April 1959, rendered by the Court of Agrarian Relations, Second Regional District, Cabanatuan City (CAR case No. 52-Gba. Br. '58, Annex C).

In the Court of Agrarian Relations, Second Regional District, Hermogenes Ireneo and 89 other tenants,[1] hereafter referred to as the respondent tenants, filed a petition dated 5 December 1958, alleging that they are tenants in the hacienda known as "Hacienda No. 5," situate in the municipalities of Nampicuan, Cuyapo and Guimba, Nueva Ecija, owned by Alberto de Santos, Arturo de Santos, Concepcion C. Vda. de Santos, Alicia de Santos-Maloles and de Santos Agricultural Development, Inc., hereafter referred to as the petitioners; that the respective landholdings of the respondent tenants are first class ricelands, which have a normal yield of more than 40 cavanese of palay per hectare for the three agricultural years preceding the current harvest; that the tenancy contracts entered into by and between the respondent tenants individually and the petitioners, effective during the crop year 1957-1958, already have expired; that no similar contracts have been entered into and signed by the same parties effective during the ensuing crop year, 1958-1959; that in April 1958 the respondent tenants by registered mail sent to the petitioners and the respondent court a letter notifying the former of their decision to change their crop sharing arrangement from 55%-45% to 70%-30% in favor of the respondent tenants, effective during the agricultural year 1958-1959; that at the start of the agricultural year 1958-1959, the respondent tenants cultivated and worked in their respective landholdings and defrayed all expenses for the cultivation and production during the said agricultural year, contributed their respective labors and spent for farm implements, work animals and final harrowing of the field immediately before the transplanting of the seedlings; and that the respondent tenants have neither received any contribution in the production nor do they intend to receive any in the future from the petitioners except their land; and that the petitioners would not recognize and respect the respondent tenant's exercise of the option or choice to change the sharing basis and would not agree to the partition or division of the harvest at the rate of 70%-30% in favor of the respondent tenants. The respondent tenants prayed that judgment be rendered "declaring that the harvests of the petitioners (respondent tenants) for this agricultural year, 1958-1959, be divided on the 70%-30% sharing proportion in their favor after deducting from the gross produce those which are provided for by law and ordering the respondents herein (petitioners) to respect and recognize the sharing ratio of 70%-30% in favor of the petitioners (respondent tenants)," and for other just and equitable relief (Annex A).

The petitioners filed an answer dated 9 January 1959 admitting the respondent tenants' allegation in paragraphs 1

to 4 but disclaiming knowledge sufficient to form a belief as to the truth of those in paragraphs 5 to 9 of the petition and setting up the special defense "that the tenancy relationship existing between the petitioners (respondent tenants) and respondents (petitioners) is still in force and such relationship calls for a sharing arrangement of 55% -45% in favor of the petitioners (respondent tenants)" (Annex B.)

On 6 February 1959, pending determination of the case, the respondent court entered an order and on 21 February 1959 an amended order authorizing the threshing of the palay harvested and directing the provisional liquidation of the harvest in accordance with the schedule, Annex A of the decision (Appendix C).

On 22 April 1959 the respondent court rendered judgment holding that the respondent tenants may change the crop-sharing arrangement at the end of one agricultural year, or at any time subsequent thereto but within a reasonable period prior to the final harrowing and transplanting of their respective landholdings, without necessity of previous notice to the petitioners, and the respondent tenants' exercise of the option to change the crop-sharing arrangement was validly made. The dispositive part of the judgment reads, as follows:

WHEREFORE, it is hereby ordered: (1) that the net harvests of the petitioners in the agricultural year 1958-1959 be divided under the sharing ratio of 70% for the petitioners and 30% for the respondents; (2) that the 15% disputed portion of the net harvests of the seventy-two petitioners named in Annex "A" hereof, are hereby awarded to them to complete their 70% share and the cash bond deposited by them for the release of the said 15% disputed portion in their favor, be returned to them, in the amount set opposite their respective names as per Annex "A" hereof; (3) that the order of this Court, dated February 6, 1959, as amended by the order, dated February 21, 1959, is hereby set aside with regards to the petitioners herein whose net harvests have not as yet been liquidated temporarily pursuant to said order, and their net harvests should be liquidated under the sharing ratio of 70-30% in favor of said petitioners as herein directed. (Appendix C.)

The petitioners have taken this appeal, contending that the change in the crop-sharing arrangement must be made at the end of the agricultural year and if the tenant fails to do so, he is precluded from making the change during the ensuing agricultural year.

Before going into the merits of the petitioners' appeal, the question of whether or not it should be dismissed must be determined. The respondent tenants point out that the petitioners failed to seek from the respondent court a reconsideration of its judgment before taking this appeal. Section 6, Republic Act No. 1267, as amended by Republic Act No. 1409, partly provides: "* * * The decision of one Judge on any matter or case before the Court, shall be the decision of the Court." Neither Republic Act No. 1267, as amended, nor the rules of the respondent court which took effect on 1 January 1956 require an aggrieved party to seek a reconsideration of its judgment or order before taking an appeal to this Court. The resolution adopted by this Court on 5 January 1956 quoted in the reply memorandum filed for the respondent court does not refer to the rules promulgated by the Court of Industrial Relations but by this Court. The respondent tenants' prayer for dismissal of the petitioners' appeal is denied.

The facts, as found by the respondent court, are:

The petitioners herein are share-tenants of the respondents on their respective landholdings within the hacienda known as Hacienda No. 5, situated in the municipalities of Nampicuan, Cuyapo and Guimba, Nueva Ecija. The landholdings of the petitioners are first class ricelands.

In the agricultural year 1957-1958, the parties divided the net harvests of the petitioners under the sharing ratio of 45-55 in favor of the petitioners, pursuant to their written tenancy contracts duly executed and registered in accordance with law.

The period of said contracts of tenancy expired at the end of the agricultural year 1957-1958.

On June 19, 1958, the petitioners, thru Hermogenes Ireneo, sent a letter by registered mail to the herein respondents notifying the latter that they were changing their sharing ratio effective the agricultural year 1958-1959, and that they prefer and will follow and observe the 70-30 sharing basis in their favor. (Exhibits "E-1" and "F-2"). The envelopes containing said letters bear the name of respondent Alberto de Santos only, as addressee. (Exhibits "E" and "F").

Despite due notices sent to respondent Alberto de Santos which were received by the members of his household, he did not claim the registered letters enclosed in the envelopes (Exhibits "E" and "F"), from the Guimba Post Office. The said letters having been unclaimed, they were returned to the sender, petitioner Hermogenes Ireneo, on August 5, 1958 (Exhibit "E") and on October 4, 1958 (Exhibit "F").

On the other hand, respondent Alberto de Santos, caused the mailing of registered letters addressed to the petitioners sometime in the second week of August, 1958 (Exhibits "1", "2" and "106-C"), informing them that they may go to the office of the hacienda to get the respondents' contribution in the final harrowing and transplanting expenses in connection with their respective landholdings. Some of the petitioners personally received said notices, others thru their agents, while others did not claim their letters and the same were returned to the sender.

The petitioners did not accept the contribution to the expenses for final harrowing and transplanting offered to them by the respondents, and instead they defrayed all the expenses thereof, in the agricultural year 1958-1959. The contribution of the parties to the production in said agricultural year were as follows:

petitioners—labor, works animals, farm implements, final harrowing and transplanting expenses.

respondents—first class ricelands.

The principal Issue to be resolved in this case is whether or not the petitioners have validly exercised their right to change the sharing ratio from 45-55 to 70-30, granted to them under Section 14 of Republic Act No. 1199.

Section 14, Republic Act No. 1199, provides, as follows:

The tenant shall have the right to change the tenancy contract from one of share tenancy to the leasehold tenancy and vice versa and from one crop-sharing arrangement to another of the share tenancy. If the share tenancy contract is in writing and is duly registered, the right may be exercised at the expiration of the period of the contract. In the absence of any written contract, the right may be exercised at the end of the agricultural year. In both cases the change to the leasehold system shall be effective one agricultural year after the tenant has served notice of his intention to change upon the landholder. (*Italics supplied.*)

Section 5(c) of the same Act defines the term "agricultural year" as "the period of time necessary for the raising of seasonal agricultural products, including the preparation of the land, and the sowing, planting and harvesting of the crop * * *."

As found by the respondent court, the tenancy contracts entered into by and between the respondent tenants and the petitioners, providing for a crop-sharing arrangement of 45%-55% in favor of the respondent tenants were in writing and duly executed and registered in the registry of tenancy contracts, as provided for in section 13, Republic Act No. 1199; that the said contracts of tenancy were effective during the agricultural year 1957-1958; that the respondent tenants exercised their right to change the crop-sharing arrangement to 70%-30% in their favor on 19 June 1958; and that "the harvesting or reaping of the petitioners' (respondent tenants) crop was completed in December, 1958 or January, 1959." (See page 9, decision, Appendix C.) Pursuant to section 14 of the Act above-quoted, if the share tenancy contract is in writing and is duly registered, the right may be exercised at the expiration of the period of the contract sought to be changed and pursuant to section 5(c) of the same Act, one agricultural year covers "the period of time necessary for the raising of seasonal agricultural products including the preparation of the land, and the sowing, planting and harvesting of the crop * * *." Therefore, when on 19

June 1958 the respondent tenants exercised their option to change the crop-sharing arrangement from 45%-55% to 70%-30% in their favor, the agricultural year 1957-1958 already had ended. The finding of the respondent court that "In the instant case, the petitioners herein (respondent tenants) have exercised their right to change the crop-sharing arrangement from 45-55 to 70-30 in their favor on June 19, 1958, prior to the final harrowing of and transplanting on their respective landholding," (Italics supplied) means that the option was exercised by the respondent tenants after the agricultural year 1957-1958 already had ended and after the agricultural year 1958-1959 already had begun. Moreover, the last clause of section 14, Republic Act No. 1199,[1] which provides that "In both cases the change to the leasehold system shall be effective one agricultural year after the tenant has (had) served notice of his intention to change upon the landholder," does not warrant the interpretation of the section made by the respondent court. Hence the option was not timely and seasonably exercised to take effect during the 1958-1959 agricultural year. The respondent tenants should be reimbursed by the petitioners for what the latter would have contributed to the production of the crop by the former.

The judgment under review is set aside and the case remanded to the respondent court for determination of the amount the petitioners have to reimburse the respondent tenants, in accordance with this opinion, without pronouncement as to costs.

Bengzon, C. J., Labrador, Reyes, J. B. L., Barrera, Paredes, Dizon, De Leon, and Natividad, JJ., concur.

[1] The number of tenants involved was originally 109 but before the filing of the petition in the Court of Agrarian Relations, 19 of them, namely, Artemio Balignasay, Hilario Bagalay, Timoteo Bagalay, Francisco Carbonell, Onofre Cabudol, Lucas Cabudol, Teodoro Bermeco (Bermego), Felipe Manzano, Teodoro Agcawile, Bernardino Padre, Juan Padre, Juan Bucasas, Martin Concepcion, Silvino Concepcion, Rosalino Andres, Luis Andres, Eufronio Buenavista, Rafael Felix and Vicente Felix, signed contract with the petitioners for a 70%-30% crop sharing arrangement in favor of the tenants. Hence the Court dismissed the petition as regards them for becoming moot.

[1] Amended by Republic Act No. 2263 which took effect on 10 June 1959.

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