

GREGORIO SANTIAGO, PETITIONER, VS. HONORABLE COURT OF APPEALS, HONORABLE COURT OF AGRARIAN RELATIONS, DIONESIA GARCIA AND PONCIANO PADERES, RESPONDENTS.

G.R. No. L-48518. November 08, 1989

Ponente: PARAS, J.

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PARAS, J.:

Before Us is a Petition for Certiorari to review the decision[1] of the respondent Court of Appeals promulgated June 6, 1978 in CA-G.R. No. 07885, affirming the decision[2] of the respondent Court of Agrarian Relations dated February 22, 1978 in CAR Case No. 1389 of the Fourth Regional District, Branch III-A, Gapan, Nueva Ecija, which was an action for the increase of agricultural leasehold rentals, the dispositive portion of which reads as follows:

"FOR ALL THE FOREGOING CONSIDERATIONS, judgment is hereby rendered in favor of plaintiff-spouses[3] Ponciano Paderes and Dionesia Garcia and against defendant[4] Gregorio Santiago, in the tenor and disposition hereinbelow provided:

"1. Authorizing herein plaintiffs to increase the leasehold rentals over t.x 'andholding in question with an approximate area of 2.5 hectares, situated at Lumanas, Tabuating, San Leonardo, Nueva Ecija, for the regular crop from 17 cavans and 29 kilos to 42 cavans of clean dried palay at 46 kilos a cavan effective the current agricultural year;

"2. Ordering the parties to change their tenancy system from share to leasehold tenancy on the dayatan crop at a fixed rental of 42 cavans of clean dried palay at 50 kilos per cavan effective the current agricultural year;

"3. Ordering the defendant to notify plaintiffs three (3) days before reaping and threshing; and

"4. Dismissing plaintiffs claim for moral damages and attorney's fees for insufficiency of evidence.

"SO ORDERED." (pp. 34-35, Rollo)

The undisputed facts are summarized by the appellate court as follows:

"Plaintiff spouses Ponciano Paderes and Dionesia Garcia (PADERESES, for short), are the owners of a piece of agricultural land planted to rice located at Lumanas, Tabuating, San Leonardo, Nueva Ecija, containing an area of 2.5 hectares, more or less (hereinafter to be referred to simply as the 'LANDHOLDING')- Before 1974, the LANDHOLDING received water for irrigation from the Bongabon Irrigation System and could be planted to two cropping seasons a year known as the regular and the dayatan crops. The tenant on the LANDHOLDING is defendant Gregorio Santiago.

"In a previous CAR Case initiated by SANTIAGO, the rentals for the LANDHOLDING were fixed by the trial court at 17 cavans and 29 kilos at 46 kilos per cavan for the regular crop, and because of the irregularity of irrigation water supply from the Bongabon Irrigation System, the rental for the dayatan crop was temporarily fixed at 25% of the net harvest after deducting the seeds and costs of reaping and threshing. The decision was

affirmed by the Court of Appeals on September 24, 1975.

"When the Pantabangan Dam went into operation sometime in 1974, it complemented the supply of water from the Bongabon Irrigation System so that the harvests of crops from ricelands thus serviced, including the LANDHOLDING, increased. On January 27, 1977, the PADERESES filed the present action for an increase in rentals alleging that, with the operation of the Pantabangan Dam, the sufficient and continuous supply of irrigation water from the Bongabon Irrigation System resulted not only in an increased yield but also insured the harvest of dayatan crop in the LANDHOLDING. In his Answer, SANTIAGO alleged that the PADERESES had no justification for the increase in rentals and claimed that the action was merely to harass him for which he claimed damages." (pp. 35-36, Rollo)

After the issues were joined the trial court rendered a decision in favor of the plaintiffs (herein private respondents) thus prompting defendant (herein petitioner) to appeal to respondent appellate court on questions of law and of fact. The appellate court, in affirming the decision of the trial court, found that the findings of fact in the decision of the lower court are supported by the evidence and the conclusions stated therein are not against the law and jurisprudence. Hence the present petition with three issues to be resolved:

I

THE RENTALS OF THE LANDHOLDING IN QUESTION HAD BEEN PREVIOUSLY FIXED AT 17 CAVANS AND 29 KILOS IN CAR CASE NO. 563 ON FEBRUARY 28, 1974, CAN THE SAME COURT INCREASE THE RENTALS TO 42 CAVANS IN CAR CASE NO. 1389 ON THE SAME LANDHOLDING BASED ONLY ON MISINTERPRETATION OF LAW AND APPLICABLE JURISPRUDENCE ON AGRARIAN LAWS?

II

WHEN THE RENTALS OF THE LANDHOLDING HAS (SIC) BEEN PREVIOUSLY FIXED, IS IT JUSTIFIED TO INCREASE THE RENTALS BASED ON IMPROVEMENT INTRODUCED WITHOUT INQUIRING INTO THE ACTUAL INCREASE OF HARVEST?

III

WHEN AN AGRARIAN CASE IS APPEALED TO THE COURT OF APPEALS, IS IT PROPER FOR THE APPELLATE COURT TO RENDER A DECISION EVEN WITHOUT NOTICE TO THE PARTIES INVOLVED TO REQUIRE THEM TO FILE THEIR RESPECTIVE MEMORANDA? (Page 2, Brief of Petitioner)

Simply stated, petitioner alleges that the appellate court committed error and abuse of discretion in affirming the trial

court's decision increasing the rentals on the landholding since said affirmance was based only on misappreciation/misrepresentation of the applicable agrarian law and jurisprudence. Petitioner also alleges denial of due process since the respondent Court of Appeals rendered its decision without giving due notice to the parties in order to require them to file their respective memoranda.

The applicable law in this case is the last paragraph of Sec. 34 of R.A. 3844 as amended by R.A. 6389, to wit:.

"If capital improvements are introduced on the farm not by the lessee to increase its productivity, the rental shall be increased proportionately to the consequent increase in production due to said improvements. In case of disagreement, the Court shall determine the reasonable increase in rental."

The findings of fact both of the agrarian court and the appellate court established that the operation of the Pantabangan Dam in 1974, supplementing irrigation water service from the Bongabon Irrigation System, resulted in increased production of ricelands, including the LANDHOLDING which certainly was introduced not by the lessee, which warrants an increase in rental as provided for by R.A. 3844.

From the record, We gather the following: that prior to 1974, this landholding was already an irrigated riceland with the water supplied by the Pampanga-Bongabon River Irrigation System. When defendant started his farm work in the agricultural year (1969-1970), this landholding was only planted to one cropping season known as the regular crop because the water supply from the said irrigation system was inadequate and not continuous. On the basis of the gross harvests for the three (3) agricultural years, namely:

1969 - 1970

-

100 cavans

1970 - 1971

-

72 cavans

1971 - 1972

-

84 cavans

Total

-

256 cavans

the Court only fixed the rentals for the regular crop at 17 cavans and 29 kilos at 46 kilos per cavan while the dayatan crop, if any, is temporarily fixed at 25% of the net harvest after deducting the seeds and costs of reaping and threshing. It is, therefore, clear that there were no harvests for the dayatan crop, otherwise, the Court would not have provided for a temporary rental of 25% of the net produce.

With the operation of the Pantabangan Dam in 1974, linking it with the Pampanga-Bongabon Irrigation System, the irrigation canals were repaired and widened to insure an abundant and continuous supply of irrigation water (Exhibits "D", "H", and "I"). As a consequence, the tenants in the surrounding areas including defendant started to

plant the dayatan crop. With the improved methods of farming, Perfecto Domingo and Lamberto Lajum in their affidavits (Exhibits "H" and "I") and on cross-examination declared that their harvest beginning said agricultural year had increased to 100 cavans per hectare. The increase in the harvest was confirmed by the "Certification" of Graciano M. Bartolome, Farm Management Technologist, Bureau of Agricultural Extension, San Leonardo, Nueva Ecija, dated May 9, 1977, that the average production per hectare within the vicinity of Tabuating, San Leonardo, Nueva Ecija was between 80 and 85 cavans (Exhibit "J"). Furthermore, even if we have to consider the "Certification" issued by Emilio M. Gonzales, Team Leader, Region III, Department of Agrarian Reform, Sta. Rosa, Nueva Ecija, dated January 25, 1977, it appears that the average rate of rental per hectare of irrigated areas at San Leonardo, Nueva Ecija is 12 cavans (Exhibit "B"). With all these certifications of the aforesaid government agencies, undoubtedly, the increase in the harvests in both the regular and dayatan crops could be attributed to no other than the operation of the Pantabangan Dam which certainly is a capital improvement. There can also be no question that said capital improvements have resulted not only in the capability of the farmers in the area to produce two crops a year, but also in the vast increase of their production per hectare.

It is to be noted that with defendant's total gross harvest of 256 cavans for the agricultural years 1969-1970, 1970-1971 and 1971-1972, the average harvest over this landholding of 2.5 hectares is 85.33 cavans or 34.15 per hectare. Without considering the claims of plaintiffs' two (2) witnesses who harvested 100 cavans per hectare but only the minimum of 80 cavans per hectare as certified to by the Farm Management Technologist, Bureau of Agricultural Extension (Exhibit "J"), the gross produce for the 2.5 hectares would be 200 cavans or an increase of approximately a little less than 2-1/2 times for every hectare. Deducting from the gross produce of 200 cavans, the 2 cavans seeds, 10% of 20 cavans, as reaping expenses and 5% or 10 cavans as threshing expenses or a total of 32 cavans (See p. 17, Decision dated February 28, 1974 in CAR Case No. 563, as aforesaid), the net produce is 168 cavans. Computing the equivalent of 25% out of the net harvest of 168 cavans, we have 41 cavans as the legal rental for the 2.5. hectares for both the regular and dayatan crops 46 kilos and 50 kilos for every cavan, respectively.

Such findings of facts especially when well substantiated by the evidence on the record are accorded the highest respect. (*Vda. de Donato v. CA*, 154 SCRA 119)

Petitioner argues that the improvements while such were not introduced by him, were nevertheless not also introduced by the lessor or the owner of the landholding but by the government. Such contention merits no consideration. The law is very particular only in mentioning improvements not introduced by the lessee and is silent on improvements introduced by the lessor or anyone not the lessee as long as the improvements will increase the productivity of the landholding. Where the law does not distinguish, We must not distinguish. Moreover, R.A. 3844 and R.A. 6389, being social legislations, are designed to promote economic and social stability and must be interpreted liberally to give full force and effect to their clear intent, not only in favor of the tenant-farmers but also of landowners especially when proof has been established that the operations of the Pantabangan Dam, supplementing irrigation water serviced from Bongabon Irrigation System, resulted in increased production of the ricelands, including the landholding in question which improvement certainly was introduced not by the lessee a condition which warrants the increase in rental as provided for by R.A. 3844.

Petitioner also assails the appellate court in rendering a decision without even informing him to file his Memorandum. Again, such contention holds no water.

Petitioner in his brief admits that the procedure in the Court of Appeals on cases appealed to it from the Court of Agrarian Reform is provided for in Sec. 18 of P.D. No. 946, quoted as follows:

"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

stated therein are not clearly against the law and jurisprudence. The Court of Appeals shall not be precluded from taking into consideration any issue, question or incident, even if not raised, if resolution thereof is necessary for a complete and just disposition of the case.

X X X

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"Upon receipt of the records of the case from the Court of Agrarian Relations, the Court of Appeals may, if it deems necessary, require the parties to file simultaneous memoranda within a non-extendible period of fifteen (15) days from notice; the appellate court shall decide the case within thirty (30) days from receipt of said records or memoranda." (*Italics supplied*)

The law therefore grants the Court of Appeals the discretion to require, or not to require, the parties to submit simultaneous memoranda, depending on whether it deems such submission to be necessary, or not. In case of non-requirement, neither party can rightfully claim that he has been deprived of his day in court, considering that the filing of a memorandum is not an indispensable part and considering further that no injustice is done, inasmuch as both parties stand on the same footing where no one enjoys any advantage over the other. Furthermore, when respondent Court of Appeals decided this case without requiring the parties to file simultaneous memoranda, it was under the greater compulsion of seeing to it that the lower court's decision was not only supported by substantial evidence, but also that the conclusions stated therein are not clearly against the law and jurisprudence, otherwise it would not have affirmed the same.

PREMISES CONSIDERED, the petition is hereby DISMISSED for lack of merit.

SO ORDERED.

Padilla (Acting Chairman), Sarmiento, and Regalado, JJ., concur.

Melencio-Herrera, J., (Chairperson), on leave.

[1] Penned by Justice Corazon Juliano-Agrava concurred in by Justices Crisolilo Pascual and Rafael C. Climaco.

[2] Penned by Judge Pastor P. Reyes.

[3] Private respondents herein.

[4] Petitioner herein.

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