

BENIGNO CASTRO, ET AL., PETITIONERS, VS. HON. COURT OF APPEALS AND CANDIDO BARON, RESPONDENTS.

G.R. No. L-44727. September 11, 1980

Ponente: MAKASIAR, J.

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MAKASIAR, J.:

This is a petition for review on certiorari of the decision of the Court of Appeals dated August 16, 1976 in CA-G.R. No. SP-04692 affirming the decision of the Court of Agrarian Relations, Branch III, Tarlac, Tarlac in CAR Case No. 2540-T which dismissed the plaintiffs' (petitioners') complaint and declared them as mere hired laborers of defendant (private respondent) over their respective landholdings under administration.

From the records, it appears that petitioners Benigno Castro, Fortunato Lagman, Ruperto Garamonte, Arsenio Torres and Domingo Manalo started cultivating different parcels of land with areas ranging from 3.1 hectares to 5.1 hectares, more or less, owned by respondent Candido Baron and which are located at Barrio San Bartolome, Concepcion, Tarlac (p. 16, rec.). Petitioners Garamonte, Manalo and Torres started working on said landholdings in 1963 while petitioners Castro and Lagman were employed sometime in 1969 and 1970, respectively (p. 641, CAR rec., pp. 27 & 299, TSN, Vol. II; pp. 705 & 741, TSN, Vol. II-A).

In December, 1972, petitioners were subpoenaed by the Court of Agrarian Relations in Tarlac, Tarlac to testify with respect to their alleged tenancy relationship with the defendant in CAR Case No. 2442-T '72 entitled "Torres vs. Baron" for reinstatement (pp. 4 & 129, rec.).

On December 29, 1972, private respondent commenced Civil Case No. 1006 entitled "Candido Baron vs. Benigno Castro, et al." in the municipal court of Concepcion, Tarlac to enjoin defendants (petitioners herein) to desist from further cultivating or working on their respective landholdings without plaintiff's (private respondent) consent. This case was dismissed by the said court for lack of jurisdiction (p. 5, rec.).

Petitioners (then plaintiffs), on April 2, 1973, filed their complaint against private respondent (then defendant) Candido Baron with the Court of Agrarian Relations, Branch III in Tarlac, Tarlac (CAR Case No. 2540 T'73) to nullify their contracts for hired services and to affirm the existence of a tenancy relationship (p. 22, rec. and p. 1, CAR rec.).

On June 21, 1973, defendant (private respondent) filed his answer with counter-claim praying for the issuance of an interlocutory order immediately restraining the plaintiffs (petitioners) from disturbing the peaceful possession, enjoyment and administration of defendant's landholding and after hearing on the merits, for permanency of said injunction (pp. 37 & 38, CAR rec. and p. 30, rec.).

During the course of the proceedings in this case, the trial court issued several orders from time to time, some of which should be noted at this point.

The Order of October 10, 1973 thus directed:

"Wherefore, the Court hereby directs that the conditions prevailing ante litem be maintained and that pendente lite the herein plaintiffs be maintained in the possession and cultivation of the landholding in question provided that they dedicate properly the landholdings subject of the controversy to the actual crop these landholdings are usually and purposely dedicated to and give notice of any acts the defendant is required under the law to be notified. Conversely, defendant or any person or persons acting in his behalf or any of his agent or agents is, in the meantime that this case is being heard, directed not to disturb the situation be (sic) executing any acts which may be detrimental to the possession and cultivation of the landholdings under litigation" (p. 25, rec. and p. 67, CAR rec.).

In the Order dated October 11, 1973, the lower court directed that –

"Wherefore, upholding the status quo, and based provisionally, on the prevailing agreement between the parties, on the matter of division of the produce, as called for in their contracts with the defendant, the harvesting and threshing of the palay harvest over the landholdings in question, in the meantime, is hereby ordered, the same to be threshed by defendant's threshing machine, provided that the fees charged do not exceed the rate of threshing prevailing in the area. Thereafter, once the amount of seeds used, threshing and reaping fees are deducted, the amounts corresponding to the plaintiffs (as they were not specified) based on their existing agreement, be deducted from the net and delivered outright in their favor, while the rest of the harvest is hereby directed to be placed on deposit in a bonded warehouse authorized by the government to accept deposits of palay in the meantime and the receipts be delivered to the Court under custodia legis.

"xx xx xx xx " (pp. 37-39, rec. and pp. 160-162, CAR rec.).

On July 15, 1975, the trial court handed down its decision the dispositive portion of which thus reads:

"Wherefore, based on the foregoing considerations, this Court hereby renders judgment:

"1. Dismissing plaintiffs' com-plaint.

"2. Declaring plaintiffs as more than preponderantly proven to be mere hired laborers of defendant over their respective farm holdings under administration;

"3. Upholding the contracts of hired services being sought to be annulled for having been voluntarily and intelligently entered into, the validity, legality and due execution of which from both evidence had been shown to the Court's satisfaction;

"4. Denying plaintiffs' claim for leasehold for utter lack of merit;

"5. Ordering the arrest of herein plaintiffs having been found to be guilty of contempt of Court and sentencing them to imprisonment for a period of twenty (20) days and imposing a fine of Twenty Five (P25.00) Pesos each, with subsidiary imprisonment of another ten (10) days in case of insolvency;

"6. Denouncing the actuations and participation of plaintiffs' counsel, Atty. Cesar Gotiangco, Trial Attorney of the BALA, Department of Agrarian Reform, in this case as unworthy of a public trust and declaring such acts as only worthy of condemnation and censure;

"7. Directing the Rural Bank of Concepcion, Tarlac to release all the money deposits, amounting to P14,146.73, including interest under Savings Account No. 7697 in favor of defendant and/or his lawyer, or their duly authorized representative, as defendant's legitimate share or entitlement for the agricultural years 1973-74 and 1974-75, and requiring the said bank to furnish this Court a copy of a receipt for the said amount duly executed by the proper party; and

"8. Ordering plaintiffs to be jointly and severally liable for attorney's fees which this Court fixes in the amount of P500.00 and to pay the costs of this suit" (pp. 676-678, CAR rec.).

From the aforesaid decision, plaintiffs (petitioners) appealed their case to the Court of Appeals on July 31, 1975 on the grounds that such decision is contrary to law and jurisprudence and unsupported by substantial evidence on record (p. 1, CA rec.).

The appealed case was docketed as CA-G.R. No. SP-04692.

While this case was on appeal, private respondent (defendant) filed a motion for immediate execution on August 11, 1975 before the trial court (p. 25, CA rec.). Said court correspondingly issued an order dated August 14, 1975 directing that –

"Wherefore, the Court hereby grants the partial execution of the dispositive portion of the decision under paragraphs 2, 3 and 7 as it hereby orders the plaintiffs having been found out to be mere hired workers whose tenure were not secured under the law and who could be removed from the land once their services are terminated (Marfori, et al. vs. Odjiner, CA G.R. No. 44828-R, September 19, 1973) to immediately vacate the premises of the landholdings they are cultivating as a consequence of the said decision, and by way of enforcement on the dispositions of the Court pending appeal at the same time authorizing the defendant-landholder to take over the possession and cultivation of the same premises effective immediately. x x x " (pp. 27-29, CA rec. and pp. 54-57, rec.).

On August 27, 1975, plaintiffs-appellants filed a motion for reconsideration of the aforesaid order of partial execution dated August 14, 1975 on the grounds that the same has the effect of ejecting completely the plaintiffs from the landholdings which is violative of the status quo memorandum of the President, Presidential Decree Nos. 316, 583 and Department Memorandum-Circular No. 2-A, as amended, and therefore illegal; and that the decision has not yet become final and cannot be effected (p. 693, CAR rec. and p. 58, rec.).

Again, plaintiffs-appellants filed on December 5, 1975 an urgent motion to declare null and void the aforesaid order with prayer that defendant-appellee be ordered not to disturb their peaceful possession and cultivation of their landholdings pending final adjudication of their cases (p. 60, rec. and pp. 21-24 CA rec.). Defendant-appellee in turn filed on January 13, 1976 his opposition to said motion of December 5, 1975 which motion was denied by the Court of Appeals in its resolution of January 21, 1976 (pp. 39-44, rec. and p. 63, CA rec.).

On February 3, 1976, plaintiffs-appellants filed their motion for reconsideration of the resolution of January 21, 1976 praying that another order be issued declaring the CAR order of August 14, 1975 as null and void (p. 66, CA rec. and p. 71, rec.).

On May 11, 1976, the appellate court acted on appellee's motion for injunction dated April 10, 1976 (p. 149, CA rec.) when it granted the same and issued a writ of preliminary injunction on May 11, 1976 prohibiting appellants (petitioners) from entering the land and disturbing the condition ordered by processes of the court and creating another situation which would negate the lower court's decision (p. 158, CA rec. and pp. 74 & 79, rec.).

On May 19, 1976, appellants filed a motion for reconsideration of the aforesaid resolution of May 11, 1976 but upon receipt of the copy of said resolution on May 31, 1976, appellants left their respective landholdings which some PC members took over (p. 174, CA rec. and p. 81, rec.).

Upon denial of the aforesaid motion for reconsideration on June 2, 1976 (p. 186, CA rec.), appellants filed on the same date a motion to dissolve the writ of preliminary injunction (p. 187 CA rec.), which was likewise denied in the resolution of June 14, 1976 (p. 194, CA rec.).

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Finally, on June 23, 1976, appellants filed a motion for referral with prayer that this case be referred to the Secretary (now Minister) of Agrarian Reform in accordance with P.D. No. 316 (p. 199, CA rec.). This motion was resolved when the Court of Appeals rendered its decision on August 16, 1976 affirming the trial court's decision.

Hence, this petition wherein petitioners seek recognition as tenants of private respondents on the landholdings they have been cultivating for years.

Petitioners allege that they are tenants on a 50-50 sharing basis on the net palay produce from their respective palay landholdings owned by private respondent, all located at Barrio San Bartolome, Concepcion, Tarlac; that pursuant to their verbal arrangement, the landowner merely provides the land and the expenses for seedling, while petitioners shoulder without reimbursement the expenses for reaping and all other items for production; that such verbal agreement had been faithfully observed by both parties up to the agricultural year 1972-73; that sometime in the month of December, 1972, petitioners were subpoenaed and testified before the Court of Agrarian Relations, Branch III, in Tarlac, Tarlac in CAR Case No. 2442-T'72 entitled "Torres vs. Baron" for reinstatement; that prior to their appearance before said lower court, petitioners and other tenants of respondent were called to a conference in the latter's residence at Concepcion where they were instructed to testify against their tenancy relationship and declare that they were mere agricultural workers, but in spite of such alleged instruction, they stuck to the truth of their tenancy relationship on account of their oath; that because of their refusal to heed the aforesaid instruction, private respondent commenced to harass them and refused to recognize them as tenants; that on December 29, 1972, private respondent filed with the municipal court of Concepcion Civil Case No. 1006, "Baron vs. Castro, et al." to enjoin petitioners to desist from further cultivating or working on the land, but which

case was dismissed for lack of juris-diction; that through false pretense and fraudulent machinations, they were induced to sign the written contracts of hired agricultural workers; that said contracts were never observed nor actually executed into practice as they actually continued to observe their verbal tenancy agreement earlier alleged; and that by reason of the foregoing, petitioners have no peace of mind although in actual possession of their landholdings (pp. 4 & 5, 128-129, rec.).

Thus, petitioners pray that the decision of the Court of Appeals be set aside and that judgment be rendered –

- “1. Ordering for the immediate reinstatement of petitioners to their respective land holdings;
- “2. Ordering private respondent to maintain petitioners in the peaceful possession and cultivation of their respective landholdings conditioned as to whether they are the tenants of the landholdings of private respondent;
- “3. Ordering the Court of Appeals to transfer case to the Ministry of Agrarian Reform per Pres. Decree No. 946; and
- “4. Ordering private respondent to pay moral, actual and exemplary damages to petitioners" (pp. 18 & 139, rec.).

Private respondent, upon the other hand, alleges that the lands subject of the action are absolutely untenanted and are farmed by administration and mechanization; that petitioners are not tenants, but were mere hired agricultural workers; that plaintiffs have no cause of action against defendant; that private respondent has long been in peaceful possession and cultivation of the lands, the same being part of respondent's land under administration and mechanization (p. 6, rec.); that the questions raised by petitioners are factual questions; that there must first be a showing that they are tenanted lands for the action to fall under the referral provisions of Pres. Decrees Nos. 316 and 946; that it is clearly provided by Pres. Decree No. 27 that there should be a showing that the action involves tenants; that refuting petitioners' allegation, injunctions are not proper where those affected are tenants and this matter again requires a looking into the question of whether or not petitioners are tenants; that the instant petition is bereft of merit since the lands involved are not embraced within Operation Land Transfer under Pres. Decree No. 27 which only applies to tenanted lands; that Pres. Decrees Nos. 316 and 946 apply only to ejectment and harassment cases involving tenants; that the decrees specify and use only the terms tenant-farmer, tenant-tiller and tenant (underscoring supplied); that Pres. Decrees Nos. 27, 316 and 946 should be applied prospectively and the same are inapplicable to cases in the appellate courts; that petitioners are estopped from assailing the juris-diction of the lower and appellate courts considering that petitioners themselves were the ones who initiated the action in the Court of Agrarian Relations and who appealed to the Court of Appeals; that the question of lack of certification from the Ministry of Agrarian Reform should have been invoked in the trial court; and finally, that the Court of Appeal's decision is well-supported by substantial evidence - the testimony of petitioners and the written contracts signed by them indicate that they were agricultural workers, not share tenants (pp. 160-166, rec.).

A review of the facts of the instant case shows that the trial court found the following:

According to petitioner Ruperto Garamonte, the reason for their ejectment in 1963 was the fact that they claimed to be under 70-30 sharing basis. In fact, he was one of those ejected by reason of a petition in court for mechanization. But in 1963, he was again instituted as a tenant by private respondent over a landholding different from the one where he was ejected (pp. 612 and 613, CAR rec.). Also, he declared he was able to work on the lands under labor administration of respondent Baron and whenever they worked, they were being paid on a daily basis (TSN-25, p. 614 CAR rec.); and that in the separate areas under administration of respondent, they have no fixed area and that they are paid on a daily basis (TSN, pp. 32-33, p. 614, CAR rec.). Finally, plaintiff Garamonte

admitted to having been ejected by respondent through a petition for mechanization, and in order that he could work on the latter's landholding, the latter let him sign a contract of service to work over the same land (TSN, p. 68, p. 616 CAR rec.).

Petitioner Benigno Castro testified that he signed a contract for hire service in 1970, another on April 12, 1971, and another on April 16, 1972 (TSN, p. 12, p. 622, CAR rec.). When he cultivated the land in April, 1974, he did not notify respondent (defendant) nor the lower court. Neither did he notify anyone before he borrowed from the Masagana 99 project. He denied knowledge of any order maintaining the status quo since they were not informed of such order by their lawyer (pp. 623-624, CAR rec.). On cross examination, petitioner admitted that when he borrowed under the Masagana 99 project from the Rural Bank of Capas, with the help of Atty. Cezar Gotiangco of the MAR, they did not notify the court even as they secured the loans twice. And when they borrowed from said bank they represented themselves as tenants of the defendant before the rural bank (TSN, p. 43, Jan. 8, 1975, p. 269, CAR rec.).

In the hearing of October 4, 1974, then plaintiff manifested that they had sought outside assistance in the person of Benjamin Sanguyo, alias "Commander Pusa" to influence the court in its decision and they had written the President claiming that their rightful shares were not given them because all the harvests were ordered deposited (p. 624, CAR rec.).

On his part, private respondent declared that he knows the plaintiffs in the CAR case and identified his signature on Exhibits "8-E" to "10-E", "14-C" to "14-E", "16-C" to "16-E" which were the contracts signed by herein petitioners. He knew all the signatures of petitioners as well as those of witnesses Jose Pascual and Pablito David and Serafin San Miguel and Eugenio Torres on the other contracts since all the aforementioned parties signed the contracts in his house and in his presence. Also, he identified the signatures of petitioner Castro on Exhibits "9", "9-C" and "9-E" (pp. 633-634, CAR rec.). On cross examination, private respondent (then defendant), clarified that plaintiffs Garamonte, Torres and Manalo were his tenants before his mechanization case (CAR Case No. 1033-T) was decided favorably. After the said case, they were ejected and ceased to be his tenants. Following the mechanization, the three were employed as hired workers only, for they were given priority of employment pursuant to the decision in the mechanization case. During the time of their employment, they signed contracts of hire of services (p. 635, CAR rec.).

In collaboration, witness Serafin San Miguel, respondent's bookkeeper, who is related to petitioners and had been working for respondent for 32 years, testified that he knew all the petitioners (Garamonte is his son-in-law). He identified his signatures in the contracts and those of petitioners Castro, Garamonte and Torres and more particularly that of Castro because the latter is his godson. He further said that petitioners were not tenants but hired laborers only (pp. 635-636, CAR rec.).

Witness Eugenio Torres also testified to the genuineness of the signatures on the exhibits which had been previously identified. He admitted that he signed the investigation report of the Department of Agrarian Reform (now Ministry) wherein they claimed they were tenants even if he did not have any land to work on. He confirmed that the contracts were translated to petitioners in Pampango by Sgt. Rodrigo Aguilar (p. 637, CAR rec.). As respondent's overseer from 1969 to 1973, he said he knew personally that petitioners were being paid fixed quantities in palay and sometimes he actually delivered to them these payments and that they even secured loans from respondent whenever they were in need (p. 638, CAR rec.).

Witness Jose Pascual revealed that when Land Reform people (from the DAR or Department of Agrarian Reform, now MAR or Ministry of Agrarian Reform) came to their place, they told them that if they would not sign the interview sheets, they would not appear as tenants, in which case there would come a time when the government

would expropriate their lands and they would not get any land (pp. 638-639, CAR rec., under-lining supplied).

Per testimony of Sgt. Rodrigo Aguilar, police investigator of the Concepcion Police Force, he had dealings with respondent Baron in 1972 or 1973 when he was requested to translate the contract of hired labor for the said respondent which was done in the latter's house. In 1972, he remembered having helped in the execution of the contracts containing his signatures duly identified by him. Thus, he explained the following procedure observed in the execution of the contracts:

"He explained that forms of these contracts were given to him sometime eight at a time, each contract named to a different hired laborer. To find out the said laborers, he called out their names, together with the names of their wives, after which gathered in a long table, he began explaining these contracts to them in the Pampango dialect. After reading and explaining, he asked them if they had any complaints against the contracts. In fact they answered that it would not be necessary that the contract he (sic) interpreted to them, because they already knew the contents and because these were not the first contracts. After this, the hired laborers signed and then the witnesses.

"Witness also added that the occasions for the translation of the contracts were made in groups and all the terms of the contract were the same. There was no occasion he remembered when any laborers objected to the terms of the contract " (pp. 640--641, CAR rec.).

In resolving the issue of whether or not peti-tioners (plaintiffs) were really tenants of the subject landholding, the lower court arrived at the following significant findings and conclusion which the Court of Appeals upheld:

"Plaintiffs testified that they used to sign the contracts they executed 'together' at the place of defendant and this fact is supported by the contracts they executed all dated May 15, 1972, which they admitted to have signed. This proves that the contracts were being executed with their full knowledge and awareness knowing they represented their agree-ment.

"There was no evidence adduced by any or all of the herein plaintiffs that they objected to the terms and conditions of the contracts they signed, nor of the fact that they were signing from year to year contracts in name only, and which allegedly were never enforced because the 50-50 sharing arrangement was followed. It is unthinkable to this Court that a landowner whose land is under adminis-tration and mechanization would ever agree to subvert his own contracts to his prejudice and actual loss.

"Evidently, defendant, who had ejected some of the plaintiffs could not have intended them to become tenants again after they agreed in writing to be mere hired laborers. (p. 652, CAR rec.).

"xx xx xx xx xx.

"The assertions that their written agreements were simulated, pro forma, and ineffective, are let alone, serious charges which were aired to discredit the contracts sought to be revoked, for the tenants having been benefitted by their contracts to remain in the landholding as hired laborers are estopped from impugning their validity (Po Sick vs. Vivo, L-24792, February 14, 1975). The execution of the same contracts as usual were admitted to have taken place and entered into voluntarily, therefore, 'one who signs an agree-ment willingly and voluntarily is bound by the terms thereby' (Rodriguez vs. Hon. Alikpala, G.R. L-38314, June 24, 1974) and these contracts having been enforced for a certain number of years between them, they cannot now impugn its (sic) validity (Po Sick vs. Vivo, G.R. No. L-24792, February 14, 1975). Plaintiffs, by their acts are now estopped from claiming otherwise or be permitted to disown and challenge as false or assail their contracts which shows that they are hired laborers under Section 3 par. (2) of Rule 131, Revised Rules of Court, because if it were really true that they were tenants, they should not have signed written contracts proving that they were hired laborers, which they knew and understood to be so and ask the Court to declare that a relation of 'tenancy be made to exist between them,' an admission that raises the presumption that they are not tenants ipso facto. 'The pre-sumption is that an instrument is what it purports to be, and to show that it does not express the

true intents of the agreement of the parties, the proof should be clear and convincing' (Cuyugan vs. Santos, 34 Phil. 100; Gatmaitan vs. Nepomuceno, 42 Phil. 295; Tolentino vs. Gonzales, 50 Phil. 588; Moran, Rules of Court, Vol. 5, p. 115).

"Moreover, this Court could not give credit to the pretensions that plaintiffs are share tenants for the simple reason that they have admitted that 'their written agreements govern their actual relationship'. In the face of this inconsistency still plain-tiffs wanted to be declared as tenants by the Court. Their admissions of having signed contracts of services thus made offered a semblance of truth, becoming more plausible and probable when supported and strengthened by defendant's testimonies and those of his witnesses when they established that these plaintiffs are no more than mere hired workers as truly reflected by their individual contracts, so much so that this Court is more than convinced of their legality to bend the issue properly in defendant's favor. Plaintiffs' argument to the contrary do(es) not carry the weight of sincerity and veracity as they appear to be only legalistic vehicles availed of in their selfish desire to become tenants of defendant. Their complaint is, even at first blush, creative of doubt when it admitted the existence of their written contracts and 'asked that tenancy relationship be declared between plaintiffs and defendant', thereby admitting the non-existence of such a relationship.

"The mendacious attitude of the plaintiffs is reflective and characteristic of persons bent on taking advantage of the liberality and unpunishability of our agrarian laws. Let it be stated anew, there-fore, 'that when the parties have reduced their agreements to writing, they are presumed to have intended the writing as the only evidence of their agreement, and therefore, they are supposed to have embodied therein all the terms of their agreement. Con-sequently, all prior or contemporaneous collateral stipulations which the parties might have had and which do not appear in the writing are presumed to have been waived or abandoned by them, and therefore not provable' (Chin Chong & Co. Inc. vs. NCB of New York, 52 O.G. 5806; Moran Rules of Court, Vol. 5, p. 91). And in a similar case, the Court of Appeals had ruled that 'while as a rule, the tenants' testimony on their relationship with the owner of the landholding is entitled to credit and shall be accepted as prima facie evidence of the terms of their agreement, the rule has no application when as in this case, the agreement between plaintiff and defendant was reduced to writing clearly stipulating that the farmer is a hired farm-helper of the latter' (Torres vs. Baron, CA GR No. SP-02019, Oct. 11, 1974).

"In this case, the two-pronged evidence of plaintiffs all but confirmed their relationship with the defendant, when they motu proprio admitted that their actual relationship was governed not only by the written contracts of hired of services, but also by their actual practice of 50-50 share tenancy, which had been abolished years before. The excuses for their share tenancy relationship side-by-side with the presumption of legality of the contracts for services became lame, and inadmissible and are hereby considered as vain efforts to show a non-existent relationship which plaintiffs have tried hard to inject into their testimony which the court cannot accept nor consider for being wanting in substance, truth and logic. At this point, the Court, sad to state, noticed that plaintiffs soaring ambitions outstretched their ability to produce in court the necessary evidence material to their cause.

"This Court for this matter voluntarily cannot declare invalid or annul the contracts they entered into or executed, in order to create a relationship of tenancy between the parties by the mere fact that the plaintiffs now seek to disown the said contract depending instead in the blind belief that their claim to actual tenancy, based on mere allegations devoid of actual positive proof, could tip the balance in their favor. Defendant's evidence to prove their actual tenure were not rebutted nor refuted, as the overseer, the bookkeeper and other hired laborers working with and known to the plaintiffs testified to the truth that they as well as the plaintiffs, were hired laborers. Regretfully, plaintiffs by themselves, have failed to substantiate their claim by any concrete evidence except their oral assertions in Court. So, as between the two opposing claims, the oral testimonies alone of the plaintiffs among themselves and against the defendant's, whose evidence composed of the duly executed written contracts, and the affirmations by the co-workers of plaintiffs who themselves declared to be hired laborers also, this Court will give more value and significance to the latter being more

provable of the issue raised. Mere verbal assertion of the truth of one thing in Court is not decisive in itself, because 'evidence does not depend on the belief of the party presenting it to the Court. It is for the latter to determine whether or not an evidence is true' (Mallari, et al. vs. Tolentino, et al., CA. CR No. 42058-R, 12/12/74) and the Court had stated its reasons when it accepted the truth as warranted by the evidence.

"Having thus failed to present clear and confounding evidence to warrant the rescission of the contracts that were proven to govern their agrarian relationship, the Court is not empowered to establish nor create a system of tenancy relationship to exist between plaintiffs and defendant for want of evidence or reason that may justify it to take upon itself a decision on this matter. Plaintiffs have continued to work on their respective landholdings under the authority of the interlocutory orders of August 10 and October 11, 1973 allowing them to possess and cultivate the holdings in question pending the determination of this case, finally to be found out merely as hired laborers after all" (pp. 653-659, CAR rec.).

This Court finds no reason to disturb the aforequoted findings of the Court of Agrarian Relations since the same are based on sufficient and solid evidence. This Court has, in fact, previously ruled in the following cases that –

"Where the controversy involves a relationship which affects the rights of two litigants over the cultivation and use of an agricultural land, one of the parties agreeing to furnish the labor, such controversy comes within the jurisdiction of the Court of Agrarian Relations, as provided for in Section 7 of Rep. Act No. 1267, as amended" (Almodiel vs. Blanco, et al., L-17508, July 30, 1962, 5 SCRA 647).

The aforecited section is now found in Section 12 of Presidential Decree No. 946.

"Nonetheless, insofar as they stress the basic findings of fact of the Court of Agrarian Relations, supported by substantial evidence, is well-nigh conclusive on an appellate tribunal, it is undeniable that such a submission is supported and buttressed by a host of our decisions dating back to 1957" (De Chavez vs. Zobel, et al., L-28609, January 17, 1974, 55 SCRA 26).

"In the light of the above (his-torical narrative), it is evident that the submission of petitioners that by virtue of Section 154 of the Land Reform Code, taken in connection with Section 166, with its definition of a farm worker as including any agricultural wage, salary or piece worker, only the Court of Agrarian Relations possesses jurisdiction, is impressed with force and cogency. It would be an unjustified departure from what has been so clearly and authoritatively decided by this Court to rule that respondent Judge is vested with the authority he exercised" (Ferrer, et al. vs. Villamor, et al., L-33293, September 30, 1974, 60 SCRA 106).

It must be observed that the questioned contracts were executed between petitioners and private respondent annually, before the start of each agricultural season. In the case of petitioner Castro, it should be noted that it took him three contracts in a span of three successive years (1970, 1971 and 1972) before he started questioning said contracts. Inevitably, the question that comes to mind is: What took him and the others so long? Certainly, a person can forget the first incident or experience, perhaps tolerate the second, but will not go through a third time when he is well aware of the odds.

Time and again, this Court has consistently issued pronouncements upholding the validity and effectivity of contracts. Thus, in the case of Phoenix Assurance Co., Ltd. vs. United States Lines, L-24033, February 22, 1968, 22 SCRA 675, this Court held that a contract is the law between the contracting parties, and where there is nothing in it which is contrary to law, morals, good customs, public policy or public order the validity of the contract must be sustained. And in the more recent case of Phil. American General Insurance Co., Inc. vs. Mutuc, L-19632, November 13, 1974, 61 SCRA 22, this Court ruled that contracts which are the private laws of the contracting parties should be fulfilled according to the literal sense of their stipulations, if their terms are clear and leave no room for doubt as to the intention of the contracting parties, for contracts are obligatory, no matter what form they may be, whenever the essential requisites for their validity are present.

This Court finds merit in private respondent's contention that for the lands subject of the action to come under Operation Land Transfer under Pres. Decree No. 27, there must first be a showing that they are tenanted lands and for the action to come within the referral provisions of Pres. Decrees Nos. 316 and 946, it must first be established that the action involves tenants. The aforecited decrees specifically speak of "tenant-farmer", "sharecrop or lease tenancy", "tenant", and "tenant-tiller".

On petitioners' flimsy claim that the Court of Appeals had no jurisdiction to entertain their own appeal and that this case should have been referred to the Ministry of Agrarian Reform, private respondent aptly refuted the same by insisting that Presidential Decrees Nos. 316 and 946 apply only to ejectment and harassment cases involving tenants. It must be borne in mind that herein petitioners are found to be mere hired farm laborers and this case was instituted to seek the nullity of subject contracts and declare petitioners as tenants and hence, this is neither an action for ejectment nor harassment of tenants. The purpose for referral to the Ministry of Agrarian Reform under the aforesaid decrees is to enable said ministry to determine if the case is intended to harass tenant-farmers. Oddly enough, the case in the lower court and in the appellate court were initiated by petitioners themselves and hence, there is no case of harassment nor ejectment involved. On the contrary, it may even be stated that they have intended to harass private respondent when they brought "Commander Pusa" to the lower court and when they wrote a deceptive letter to the President during the lower court proceedings.

Moreover, petitioners have made the fatal error of invoking the provisions of Presidential Decrees Nos. 27, 316 and 946; for, this Court has already ruled that said decrees cannot be applied retroactively and that they can only apply to bona fide tenants. Thus, in the case of *Jacinto vs. Court of Appeals* (L-33567, December 14, 1978, 87 SCRA 263), this Court said:

"Neither can We find merit in petitioner's claims that with the advent of Pres. Decree No. 27, he has become the owner of the land. Firstly, said decree applies only in favor of bona fide tenants. It cannot be denied, however, that at the time of the promulgation of Pres. Decree No. 27 (October 21, 1972), the Appellate Court has already its judgment finding that the tenancy relationship between petitioners and private respondent had been extinguished. Secondly, the decree cannot operate retro-actively in favor of petitioner who had surrendered one-half of the land in July, 1976 and, by virtue of a Writ of Preliminary Mandatory Injunction issued by the Court of Agrarian Relations, was dispossessed of the other half in February, 1967."

It must be stressed that this action was initially filed on April 2, 1973 and Presidential Decrees nos. 316 and 946 became effective only on October 22, 1973 and June 17, 1976, respectively.

And finally, this Court in the recent case of *Padasas vs. Court of Appeals* (L-35927, March 31, 1978, 82 SCRA 250), thus ruled:

"The Agricultural Land Reform Code (Rep. Act No. 3844) was enacted and took effect on August 8, 1963. This law must be enforced prospectively and not retro-actively and, therefore, whatever rights created, granted or recognized therein such as the right of redemption accrued upon the enactment of the legislation and may be exercised thereafter in appropriate cases."

It must be noted that the aforementioned Code abolished the then existing share tenancy system in agriculture and in its stead the agricultural lease-hold system was established (Sec. 3, R.A. No. 3844).

WHEREFORE, THE PETITION IS HEREBY DISMISSED AND THE DECISION APPEALED FROM IS AFFIRMED. NO COSTS.

Teehankee, (Chairman), Fernandez, Guerrero, De Castro, and Melencio-Herrera, JJ., concur.

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