

**BARTOLOME MACARAEG, CORAZON MACARAEG, BENITA MACARAEG AND EUFRACIA BALUYOT, PETITIONERS, VS. COURT OF APPEALS, SEGUNDO RAPADA AND MAURICIA DE GUZMAN, RESPONDENTS.**

*G.R. No. L-48008. January 20, 1989*

Ponente: GUTIERREZ, JR., J.

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**GUTIERREZ, JR., J.:**

This petition for review on certiorari prays for a reversal of the decision of the Court of Appeals which affirmed the judgment of the Court of Agrarian Relations, 4th Regional District, Branch VI, in Paniqui, Tarlac declaring as tenants the private respondents over the parcel of land in controversy.

On November 20, 1973, a case for the fixing of rentals was filed by the private respondents against the petitioners alleging, among others, that spouses Rapada have been the duly constituted tenants of the petitioners for more than twenty (20) years over a landholding situated at Barrio Guiteb, Ramos, Tarlac with an area of 1.5 hectares and seeded to two (2) cavans of palay; that despite the insistent demands of the spouses Rapada since 1970 for a system of tenancy to govern their relationship with the petitioners, the latter has refused to do so inspite of the fact that the subject property has been declared a land reform area; that as tenants, the spouses Rapada shouldered all the expenses of production while the petitioners liquidated the harvests of the landholding in question on a 50-50 sharing ratio without first deducting the expenses for production incurred by the spouses Rapada when the liquidation should have been on a 75-25 basis of the net harvest in favor of the latter; and that the spouses Rapada were short-shared as a result of the unlaw-ful sharing made between them and the petitioners.

The petitioners, in their answer, stated that the spouses Rapada are not their tenants on the landholding in question; that the spouses Rapada, relying on the provisions of General Order No. 34 dated July 26, 1973 entered said landholding without the knowledge and consent of the petitioners; and that the spouses Rapada are tilling more than 10 hectares of agricultural lands deriving a net income of at least P6,000.00 annually.

The petitioners further set up as affirmative de-fenses that the spouses Rapada, invoking the provisions of General Order No. 34, entered the dried portions of the land planted to sugar crops and utilized the said portions for root crops without the petitioners' knowledge and consent; that after discovering the said spouses' illegal acts, the petitioners complained to the Philippine Constabulary and were assured that the spouses Rapada will restore possession of the aforementioned portions to them after harvesting the rice crops planted thereon; and that the rice crops harvested shall be shared between the peti-tioners and the spouses Rapada on a 90-10 basis in favor of the latter pursuant to General Order No. 34.

On January 10, 1974, the private respondents' motion for the issuance of an interlocutory order enjoining the petitioners from molesting their peaceful possession and cultivation of the landholding in question was granted.

At the pre-trial of CAR Case No. 2628-T- '73 conduc-ted by the Clerk of Court of the court a quo, an order was

issued delimiting the facts and issues of the present case as agreed upon by the contending parties. The pre-trial order reads:

"During the pre-trial scheduled this morning, parties, assisted by their respect-ive counsels have agreed on the following:

#### I S S U E S

"1) Fixing of rentals;

"2) Reliquidation from the agricultural year 1970 up to 1972-1973 considering that the harvest in the agricultural year 1973-1974 has been liquidated by the issuance of an interlocutory order issued by the Court on March 22, 1974;

"3) Damages on both sides.

#### F A C T S

"1) Parties agreed that the boundaries of the landholding in question are as follows:

"On the North: bounded by Taloy River;

West: also bounded by Taloy River;

East: bounded by Cojuangco Estate;

South: bounded by properties of Macaraeg;

"2) Parties agreed that at present the plaintiffs are in possession and cultivation of the said landholding in question;

"3) Parties agreed that in the cultiva-tion of the landholding, the plaintiffs shouldered all the expenses for production with the qualification on the part of the defendants that during the agricultural year 1972-1973 and 1973-1974, the first plowing of the landholding in question was made by the defendants;

"4) Parties agreed that the landhold-ing in question is only a small portion at the tip of a 12 hectare sugar cane planta-tion with the qualification on the part of the plaintiffs that this landholding in question from the time plaintiffs were instituted had always been devoted to the planting of palay." (pp. 4-5, Rollo)

After trial, the agrarian court rendered judgment in favor of the private respondents as follows:

"WHEREFORE, premises considered, judg-ment is hereby issued:

"1)

Declaring the plaintiffs as tenants over one-half (1/2) hectare portion of the lands owned by the defendants which is situated at Bo. Guiteb, Ramos, Tarlac, and bounded as follows: On the North, bounded by Taloy River; On the West, also bounded by Taloy River; On the West, bounded by Cojuangco Estate; on the South bounded by the properties of the Macaraegs.

"2)

Fixing the lease rental in the quan-tity of 4 cavans and 37 kilos at 50 kilos per cavan and 37 kilos at 50 kilos per cavan (sic) for every crop year and of the same variety planted thereon;

"3)

Ordering the defendants to reimburse the plaintiffs the quantity of 5 cavans and 19 kilos at 50 kilos per cavan which is the excess rental paid by the plaintiffs for the crop year 1972-1973; and,

"4)

Dismissing all other claims for damages for lack of sufficient evidence to support the same." (pp. 38-39, Rollo; pp. 1-2, CA decision)

On appeal, the respondent court affirmed in toto the agrarian court's judgment basing its decision on the following grounds: 1) that the issue on the alleged procedural defect at the pre-trial stage was not seasonably raised by the petitioners, hence, deemed waived; and 2) that the tenancy relations between the contending parties is an established fact at least from crop year 1972-1973 onward by virtue of an implied admission by the petitioners under paragraph 3 of the pre-trial order dated July 1, 1975.

The petitioners now assert that the Court of Appeals committed the following grave errors:

(1) THE COURT OF APPEALS COMMITTED A GRAVE ERROR OF LAW WHEN IT APPLIED THE DOCTRINE LAID DOWN IN THE CASE OF CCC INSURANCE CORPORATION V. COURT OF APPEALS, ET AL. (L-25920, Jan. 20, 1970) WHEN THE PROPER RULING APPLICABLE IN THE CASE AT BAR IS THAT ENUNCIATED IN THE CASE OF CABALLERO V. DEIPARINE (L-39059, Sept. 30, 1974).

(2) THE COURT OF APPEALS AGAIN COMMITTED ANOTHER ERROR OF LAW WHEN IT MADE AN AFFIRMANCE OF THE ALLEGED EXISTENCE OF THE TENANCY RELATIONSHIP BETWEEN THE PARTIES CONSIDERING THAT THE LOWER COURT MADE NO FINDINGS TO THAT EFFECT BASED ON THE EVIDENCE ADDUCED.

(3) THE COURT OF APPEALS FURTHERMORE COMMITTED ANOTHER ERROR OF LAW IN NOT APPLYING THE PRINCIPLE OF RES JUDICATA AND IN NOT DECLARING THIS CASE BARRED BY THE SAID LEGAL PRINCIPLE. (pp. 128-129; 132 & 133, Rollo)

On the first assigned error, the petitioners, in order to present a meritorious case, abandon their claim in the appellate court that the proceedings at the pre-trial of the case were null and void for lack of authority on the part of the Clerk of Court to conduct it. They now contend that what they question is not the validity of the said proceedings but the stipulations contained in the pre-trial order. They state that the alleged agreement at the pre-trial should be declared null and void for there is no showing that the parties gave their consent and approval to it. In support of their contention, the petitioners cite the case of *Caballero v. Deiparine* (60 SCRA 136 [1974]). The aforecited case is inapplicable to this case. The stipulation of facts in the *Caballero* case contained serious unauthorized admissions against the interests of the plaintiffs-appellants therein who had no hand in its preparation and formulation since it was only their counsel who, without special authority, entered into a stipulation of facts prejudicial to their interests. The plaintiffs' lawyer without any special authority to do so made admissions on matters regarding which only the clients could make binding commitments.

On the other hand, the decision of the agrarian court in this case was reached only after trial on the merits of the case unlike in the *Caballero* case where the decision of the trial court was based on the pre-trial agreement. Moreover, the petitioners in the instant case did not raise their objections to the pre-trial proceedings before they continued with and actively participated in the trial proper of the case or before the agrarian court promulgated its decision.

We find no error committed by the appellate court in applying the case of *CCC Insurance Corporation v. Court of*

Appeals (31 SCRA 264 [1970]) to the present case considering that if there were irregularities in the conduct of the pre-trial proceedings they merely pertained to procedural matters. There is no proof of the alleged irregularities related to stipulations contained in the pre-trial order. Any question involving procedural matters must be seasonably raised.

On the second assigned error, we find the petitioners bound by the stipulations at the pre-trial which they now try to disown. In the case of *Lucio Lucenta v. Court of First Instance of Bukidnon, Branch VI, et al.*, (G. R. No. L-39789, June 20, 1988), we stated that:

"x x x The petitioner is bound by what was to be bound upon in the pre-trial. As we have ruled in *Munasque v. Court of Appeals*, (139 SCRA 533, 541):

"The petitioner, therefore should be bound by the delimitation of the issues during the pre-trial because he himself agreed to the same. In *Permanent Concrete Products, Inc. v. Teodoro* (26 SCRA 330), we ruled:

xxx xxx xxx

"x x x The appellant is bound by the delimitation of the issues contained in the trial court's order issued on the very day the pre-trial conference was held. Such an order controls the subsequent course of the action, unless modified before the trial to prevent manifest injustice. In the case at bar, modification of the pre-trial order was never sought at the instance of any party."

At the pre-trial of the instant case, the issue of whether or not there exists a tenancy relationship between the contending parties was not included by the petitioners as among the specific issues to be resolved. Moreover, their counter-allegation that the private respondents are mere cultivators as defined by the provisions of General Order No. 34 and not tenants on the landholding in question is not sufficient to overcome the positive evidence presented at the trial by the private respondents showing the existence of tenancy relations between them and the petitioners. Proof that the claimants were never tenants on the disputed landholding should have been clearly established in order to override the evidence supporting otherwise. (See *Barias v. Alcantara*, 117 SCRA 651 [1982]). The testimony given by respondent *Mauricia* as corroborated by *Tranquilino Natividad* (barrio councilman of *Guiteb, Ramos, Tarlac*) and *Jacinto M. Rapal* (farm management technician assigned in the area where the subject landholding is situated) is both convincing and un rebutted. We affirm the ruling made by the court that:

"At any rate, there is ample evidence to support the trial court's finding and conclusion of the existence of tenancy relationship between the parties. Indeed, such finding and conclusion are supported not only by substantial evidence which is all that is required by law and jurisprudence (PD 946, sec. 18; *Picardal v. Lladas*, L-21309, Dec. 29, 1967, 21 SCRA 1483) to sustain an appeal the decision of the agrarian court but by preponderance of evidence ordinarily required under the Rules of Court in civil cases. Such relationship was established by the testimony of appellee *Mauricia G. Rapada* as corroborated by *DAR Farm Management Technician Jovito Rapal* and *Barrio Councilman Tranquilino Natividad*.

"Thus, *Mauricia G. Rapada* declared:

"Q Madam witness, will you please state before this Honorable Court the area of your land?holding in question?

"A More or less one-half (1/2) hectare, sir.

"Q Since when have you been cultivating this landholding?

"A Since the land was owned by the *Bartolome Macaraeg*, sir.

"Q Particularly what *Bartolome* are you referring to?

"A Bartolome Macaraeg, sir.

"Q In what capacity were you given this landholding?

"A As a tenant, sir.

COURT:

"Q Share or lease tenant?

"A As share tenant, sir.

"Q Under what basis?

"A Formerly we divide the share on the 50-50 but the last two (2) years we divided the share at the ratio of 75-25.

"Q In whose favor?

"A In my favor, sir. (TSN, July 29, 1975, pp. 4-6)

After informing the Court that they received the landholding in question from the late Raymundo Macaraeg, appellants' father, some 20 years before and that since then they have been in possession thereof, Mrs. Rapada continued her testimony, as follows:

"Q In the agricultural year 1970, who was your landholder then?

"A After the death of Raymundo Macaraeg, Bartolome Macaraeg succeeded as the landowner, sir.

xxx xxx xxx

"A It was Bartolome Macaraeg who got the share of the landowner for that particular year, sir.

xxx xxx xxx

"A What I know it was Bartolome Macaraeg who owns this land inasmuch as he was the one who came to liquidate my harvest and to whom I dealt with in the cultivation of the land.

"Q In that agricultural year 1970 who shouldered all the expenses for production?

"A We shouldered the expenses, sir.

"Q What about the reaping fee, who shouldered the reaping fee?

"A We, sir.

COURT:

"Q What you mean by 'we'?

"A We shouldered the expenses, meaning the landowner do not share any expenses.

"Q In other words, the only contribution made by the landowner is the landholding, is that what you mean?

"A Yes, sir. (TSN, *ibid.*, pp. 10-14).

"Witness Tranquilino Natividad, barrio councilman of Guiteb, Ramos, Tarlac, corroborated Mrs. Rapada on her and her husband's tenancy relationship when he testified that he knows the Rapadas and the landholding in question; that plaintiffs Rapadas were dividing the harvest of said land with Raymundo Macaraeg when he was still alive (TSN, Dec. 19, 1975, p. 8); that defendant Bartolome Macaraeg is the son of the late Raymundo Macaraeg; that the area of the landholding in question is 1/2 hectare (*ibid.*, p. 9); and that the Rapadas are

cultivating this 1/2 hectare of land as tenants and it was Raymundo Macaraeg who gave them the land (ibid., p. 11)." (pp. 28-31, Rollo)

In the case of *Latag v. Banog* (16 SCRA 88 [1966]) citing the case of *Marcelo v. De Leon* (105 Phil. 1175 [1959]), we held that:

xxx xxx xxx

"x x x It has been declared that 'an agricultural tenancy classified as share tenancy exists where a person has physical possession of another's land for the purpose of cultivating it and giving the owner a share in the crop'." (at p. 93)

There is no dispute that the private respondents are in physical possession of the landholding under consideration for purposes of cultivation and agricultural production initially evidenced by the stipulation of facts in the pre-trial order. During the trial of the case, evidence on personal cultivation and sharing was further presented by the private respondents. Hence, tenancy relationship between the petitioners and the private respondents was established by the evidence on record. The appellate court correctly observed that petitioner Bartolome with whom the private respondents dealt as regards the disputed landholding was never presented in court to rebut the evidence in support of the existence of tenancy relations between the contending parties.

We apply our ruling regarding findings of lower courts:

"x x x [T]he determination that a person is a tenant-farmer is a factual conclusion made by the trial court on the basis of evidence directly available to it and will not be reversed on appeal except for the most compelling reasons. As we do not see any such reason in the instant case, we are not justified in rejecting such findings, more so since they have been affirmed in toto by the respondent court in the exercise of its own powers of review." (*Anderson Co, et al. v. Hon. Intermediate Appellate Court, et al.*, G. R. No. 65928, June 21, 1988).

On the third assigned error, the appellate court found that there is no identity of the parties and the subject matter as between the present case and a former case docketed as CAR Case No. 2582-T '73. Such identity is an indispensable requisite of the doctrine of *res judicata*. We uphold the appellate court's findings with respect to the non-applicability of the said doctrine in the absence of substantial evidence to the contrary. We reiterate our pronouncement in the case of *Malaysian Airline System Bernad v. Court of Appeals* (156 SCRA 321-323 [1987]) that:

"We affirm the factual findings of the respondent court and the lower court, there being no sufficient showing that the said courts committed reversible error in reaching such conclusions. As we are not a trier of facts, we generally rely upon, and are bound by, the conclusions on this matter of the lower courts, which are better equipped and have better opportunity to assess the evidence first-hand, including the testimony of the witnesses. We have repeatedly held that the findings of fact of the Court of Appeals are final and conclusive and cannot be reviewed on appeal to the Supreme Court provided they are based on substantial evidence (*Alsua-Betts v. Court of Appeals, et al.*, 92 SCRA 332 [1979]). Among the exceptions to this rule are: (a) when the conclusion is a finding grounded entirely on speculations, surmises or conjectures; (b) when the inference made is manifestly mistaken, absurd or impossible; (c) where there is grave abuse of discretion; (d) when the judgment is based on a misapprehension of facts; (e) when the findings of facts are conflicting; (f) when the Court of Appeals, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both the appellant and appellee (*Ramos, et al. v. Pepsi-Cola Bottling Co.*, 19 SCRA 289 [1967]). None of these exceptions is present in this case."

WHEREFORE, IN VIEW OF THE FOREGOING, the petition is hereby DISMISSED. The questioned decision of the Court of Appeals is AFFIRMED.

**SO ORDERED.**

Fernan, C.J., (Chairman), Feliciano, Bidin and Cortes, JJ., concur.

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