

ANASTACIO VICTORIO, PETITIONER, VS. THE HON. COURT OF APPEALS, AND DOMINADOR FERNANDEZ, RESPONDENTS.*G.R. No. 110012. March 28, 2001*

Ponente: MELO, J.

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This case is one of the old ones re-raffled to herein ponente pursuant to the Court's Resolution in A.M. No. 00-9-03-SC dated February 27, 2001. Sought to be set aside by petitioner is the decision of the Court of Appeals in its CA-G.R. SP No. 26680 dated November 27, 1992 affirming that of the Regional Trial Court of the First Judicial Region (Branch 38, Lingayen, Pangasinan), which held that the lease contract entered into by and between herein petitioner and private respondent is a civil law lease agreement and not an agricultural tenancy contract.

The facts of the case are simple.

Sometime in 1967, a lease contract over a fishpond located in Brgy. Balangobong, Lingayen, Pangasinan, was entered into by Alfredo Victorio (as lessee) and Tomas Fernandez (as lessor), the fathers of herein petitioner Anastacio Victorio and private respondent Dominador Fernandez, respectively. The contract was for a period of 10 years. After said contract expired in 1977, the same was renewed, albeit verbally, for another 10 years or until 1987, adopting the terms and conditions of the original contract. The original parties to the contract were substituted by their heirs, Anastacio Victorio and Dominador Fernandez as lessee and lessor, respectively. When the second contract expired in 1987, private respondent repeatedly asked petitioner to vacate the premises but the latter adamantly refused. Consequently, private respondent filed a case for ejectment against petitioner, which was, however, dismissed by the trial court on the ground of lack of jurisdiction.

On appeal, the regional trial court reversed, holding that the lease contract is a civil law lease agreement and ordering petitioner to vacate the fishpond in question, and thereafter, to surrender peaceful possession and occupation thereof to respondent. The yearly lease rental was set at P450.00 commencing from June 16, 1987 up to the time the property is vacated (p. 5 RTC Decision, January 26, 1990)

Petitioner having been rebuked on reconsideration, he elevated the matter to the Court of Appeals on a petition for certiorari. However, the appellate court (Herrera M., Torres (P), and Canizares-Nye) turned the appeal, ratiocinating as follows:

Contrary to the allegation of the petitioner, the relationship of the petitioner and the private respondent is one of a civil law lease which has a definite term. Undeniably, the subject premises was formerly leased by the father of the petitioner for a period of ten (10) years which lasted from 1967 to 1977. Thereafter, petitioner hired the subject premises for another ten (10) years or until June 15, 1987. Consequently, upon the expiration of the contract, petitioner should have surrendered the possession of the subject premises to the private respondent in the absence of a renewal of the lease contract. The respondent court found that -

After a painstaking and careful study and analysis of the evidence documentary and testimonial and the facts obtaining in the case at hand, the court is strongly convinced and hereby finds and holds that the agreement

entered by the parties is a civil law contract of lease. This finding and observation of the court is anchored on the following factors:

- That the written contract of lease (Exhibits `A' and `I') the terms and stipulations of which were adopted by the parties in their verbal agreement is titled and styled contract of lease and not agricultural leasehold system as expressly termed under R.A. 3844 as amended;
- That the parties in the contract are designated as `lessor' and `lessee' and not agricultural lessor and agricultural lessee as the Code of Agrarian Reform used in agricultural leasehold contract.

That the mode of payment of the lease rental as stipulated in the agreement is, that the rentals for the first three years be paid in advance within the first fifteen days of June of every year. This mode of payment is one of the essential characteristics of a contract of civil law lease. In agricultural leasehold system, the rental is generally paid on the date it falls due as provided for under Section 26, paragraph 6 of Republic Act 3844. It is likewise stated in Section 33 of the same Code, that in no case shall the agricultural lessor require the agricultural lessee to pay the lease rental in advance, in money or in kind or in both.

The owner of an agricultural land is given the option to choose the mode of managing or administering his property, thus: (1) he works on it himself; (2) he may secure the services of an agricultural tenant; or (3) he may enter into a lease contract with another under the provisions of the Civil Code. In the instant case, the private respondent opted for civil law lease and hence, the contract had a fixed term. When the lessee's right ceases because the term has expired, all other rights created by the exercise of that right must also cease.

(pp. 6-7, CA Decision, November 27, 1992)

Aggrieved, petitioner filed a motion for reconsideration but the same was denied. Hence, the instant petition.

The lone issue presented is whether or not petitioner is an agricultural lessee under Republic Act No. 3844 and thus entitled to security of tenure over the fishpond in question, or a mere civil lessee whose right over the subject premises ceased upon the expiration of the contract of lease.

We affirm.

The essential requisites of a tenancy relationship are: (1) the parties are the landowner and the tenant; (2) the subject is agricultural land; (3) there is consent among the parties; (4) the purpose is agricultural production; (5) there is personal cultivation; and (6) there is sharing of harvest. All these requisites must concur in order to create a tenancy relationship between the parties (*Chico vs. Court of Appeals*, 284 SCRA 33 [1998]; *Oarde vs. Court of Appeals*, 280 SCRA 235 [1997]; *Odsique vs. Court of Appeals*, 233 SCRA 626 [1994]; see also *Sintos vs. Court of Appeals*, 246 SCRA 223 [1995]).

In the case under review, the first, third, and fourth requisites were absent in the agreement, leading to the conclusion that no tenancy relationship existed between petitioner and private respondent. The record is bereft of any evidence showing that Dominador Fernandez consented to having petitioner Anastacio Victorio as his tenant in the fishpond subject of the controversy. Later, what was agreed upon was for petitioner Victorio to continue leasing the subject premises under the terms and conditions of the original lease. Petitioner's right to the fishpond emanated from the lease contract between his father and private respondent's father wherein petitioner's father was designated as "lessee" and not as a "tenant". Petitioner can not, therefore, be more than a lessee like his father because "the spring cannot rise higher than its source". Secondly, there was no stipulation regarding the sharing of the harvest, whether explicitly or implicitly. One of the essential requisites for the existence of a tenancy relationship is sharing by the landowner and tenant of the produce, and no proof of this fact has been shown in this case. What the parties agreed upon, as established by the evidence, was for petitioner to pay private

respondent a yearly lease rental, with an advance payment of 3 years' rental. This is not the case obtaining in a tenancy relationship where the parties share in the produce of the land as this falls due, or as it becomes available, during harvest time. It is also significant to note that, as shown by the evidentiary record, private respondent and his father, as lessor, bore all the expenses for the repair and improvement of the dikes whenever the fishpond was destroyed due to floods and other natural calamities.

All of the above are hallmarks of a civil law lease contract and, as correctly found by both the appellate court and the regional trial court, they belie the existence of a tenancy relationship between petitioner and private respondent. We find no reason to deviate from these findings, correct and founded as they are on the law and evidence on record.

WHEREFORE, the petition is denied and the decision of the Court of Appeals affirming that of the regional trial court affirmed.

SO ORDERED.

Vitug, Panganiban, Gonzaga-Reyes, and Sandoval-Gutierrez, JJ., concur.

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