

JOSE B. GAMBOA AND ELSA O. GAMBOA, PETITIONERS AND APPELLANTS, VS. MA-AO SUGAR CENTRAL COMPANY, INC., RESPONDENT AND APPELLEE.*G.R. No. 11756. January 30, 1960*

Ponente: LABRADOR, J.

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On July 13, 1954 petitioners Herein filed an action in the Court of First Instance of Negros Occidental to compel the respondent Ma-ao Sugar Central Co., Inc. to issue a certificate of shortage in the production quotas of the haciendas "Elga" and "Oselisa" for the crop year 1953-1954 and to declare that they have the right, as assignees of their lessees, to cover such production quota deficiencies with their own sugar produced from another mill district, or to order respondent to pay petitioners the sum of P16,627.89 as damage for its refusal to do so. In the second cause of action alleged in their complaint petitioners also demanded issuance of a warehouse receipt for A-136.56 piculs, which represents unpaid rentals of petitioners' hacienda "Elga," respondent retaining for itself the said amount of sugar for its own benefit, and in case respondent fails to do so, to pay petitioners P2,096.19 as damages.

In the course of the proceedings in the court below, petitioners herein abandoned the second cause of action. After trial, the court below, Hon. Jose S. de la Cruz, presiding, held that the right to both the export and domestic and reserve sugar belongs to the planter only, or plantation owner who cultivated the plantation, and an owner-lessor who ceases to produce sugar on the plantation himself, loses the right to fill the quotas, such that petitioners herein, who did not produce and deliver sugar cane to the mill, have no right to the quota; that deficiencies in the production quota can be covered from another mill district only if there is shortage in the same mill district, the quota being transferable only upon a joint action of both the planter and the central. For the above reasons the court dismissed the action. Hence this appeal.

The record discloses that petitioners are the owners of the two haciendas "Elga" and "Oselisa", both affiliated with the respondent sugar central. During the crop years 1952-1953 and 1953-1954 petitioners leased the hacienda "Elga" to their son Herman Gamboa and the hacienda "Oselisa" to their daughter Fay Gamboa and her husband Edmond Weber. In the crop year 1952-1953 the lessees of both haciendas failed to produce the quotas for both and so the lessees assigned their rights to their quotas to their father, petitioner Jose B. Gamboa, and the latter filled the shortages in the quotas from another mill district, the Talisay-Silay Milling District. For the crop year 1953-1954 the lessees again were short in their production, so they again assigned their rights to their quotas to their father, petitioner herein Jose B. Gamboa (Exhibit C). But in the crop year 1953-1954 the respondent alleged and the court found that there was enough sugar produced from the mill district to supply the deficiency in the production of the quotas of the two haciendas in question.

The filling of shortages occurring in a mill district is governed by Section 8 (a) of Act No. 4166, which has been added to the latter by Republic Act No. 1072, which provides:

"If after the termination of milling in each sugar central in any milling season, the holder of any allotment is not able to mill enough sugar to fill his allotment for that year, that amount of such allotment which he cannot fill during such milling season shall be reallocated by the Sugar Quota Administration to other holders of allotments first within the same district, and then to other districts or in such other manner as may insure the filling of the quota for that year: Provided, That no reallocation under the provision of this section shall diminish the allotment to which the holder may be entitled in any subsequent crop year."

Under the above-quoted express provision of the law, it is evident that the shortages in the production of the two haciendas must first be filled from the respondent Ma-ao Sugar Central Milling District. Petitioners argue that in the crop year 1952-1953, the shortage in filling up their production quotas were filled from another district owned by the petitioners, but said act is explained by respondent by saying that permission for filling it from another milling district was granted because the shortages could not be filled up from the milling district itself.

The act of the respondent in the previous year can not, therefore, constitute as a precedent in the filing up of the 1953-1954 production quotas.

The court below cited in support of its decision the case of *Suarez vs. Mount Arayat Sugar Co., Inc.*, 96 Phil., 707, in which case this Court, through Mr. Justice J. B. L. Reyes, held that original sugar allotments are indivisible and are "transferable only as a whole, by joint action of the interested parties" (the central and the planter). If sugar quota allocations may be disposed of only by joint action of the interested parties, it stands to reason that the sugar quota allocation of the haciendas belonging to the petitioners may not be filled up from a milling district in which petitioners have another plantation, against the express objection of the respondent milling district.

Another argument in support of petitioners' appeal is paragraph 3 of Field Service Instructions No. 7, Series 1952-1953, dated February 14, 1953, which in part provides:

"* * * properly accomplished certificates of Shortage for export of domestic sugar of one mill district shall be used first to cover the 'C' sugar of the same district before any certificate of shortage of the district may be used to cover non-district 'C' sugar: Provided, However, that a planter in one mill district who or whose spouse is also a planter in other mill districts may use his spouse's allotment shortage in one district to cover his or her spouse's own 'C' sugar in such other districts without waiting for the district 'C' sugar to be covered by Certificates of Shortage of the same district. * * *"

The above provision contained in a regulation implementing the Sugar Quota Act can not override the express provision of the latter, especially Section 8-A which is inserted by Republic Act No. 1072. The above provision of the Field Service Instructions must be understood to be applicable only in cases where shortages in one milling district may be filled from another milling districts in accordance with Republic Act No. 1072.

The above considerations clearly demonstrate the correctness of the conclusion arrived at by the respondent judge below in denying the petition for mandamus. It is not necessary for Us to consider the other reason adduced by the trial court below, also questioned by the petitioners in this appeal, that when an owner leases his hacienda in a milling district, the lessee is the planter within the meaning of the Sugar Quota Allocation Act.

The decision appealed from is hereby affirmed, with costs against petitioners-appellants.

Paras, C. J., Bengzon, Padilla, Montemayor, Concepcion, Reyes, J. B. L., Endencia, Barrera, and Gutierrez David, JJ., concur.

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