

MACARIA TINIO DE DOMINGO, PETITIONER, VS. COURT OF AGRARIAN RELATIONS, SECOND DIST., CABANATUAN CITY, ET AL., RESPONDENTS.*G.R. No. 12116. April 28, 1962*

Ponente: REYES, J.B.L., J.

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The herein respondents-appellees are tenants of the herein petitioner in the latter's hacienda at Triala, Guimba, Nueva Ecija, under written contracts of tenancy executed with appellant-landowner. This case was commenced in the Court of Agrarian Relations upon complaint of the respondents-tenants against the petitioner-landholder to compel, among other things, the liquidation of the palay harvest for the agricultural year 1955-1956 under the sharing basis of 55-45 in favor of respondents in accordance with their contracts (Exhibits 1 to 79). The herein petitioner, in her answer to the complaint, alleges that while the contracts of tenancy provide for a 55-45 sharing basis in favor of the herein respondents, the sharing ratio should be 60-40 in petitioner's favor because she had shouldered the expenses of final harrowing and transplanting. During the trial of the case, the Court of Agrarian Relations issued several orders disposing certain incidental matters involved, such as the question of holding the harvested crops produced for the agricultural year 1955-56, the place where the liquidation should be done, the place where the bundles of palay should be stacked, and other similar matters. The Court of Agrarian Relations also allowed the herein respondents to present evidence showing fraud in the execution of the tenancy contracts, although said fact was not alleged by them in their complaint.

After trial on the issues involved, the Court of Agrarian Relations (by Judge Leon Dacayo) rendered decision declaring all the tenancy contracts null and void, as well as all the stipulations made therein, and ordering that the palay harvested for the agricultural year 1955-56 be liquidated on a 70-30 basis in favor of the herein respondents. Consequently, this petition for the review of the Court of Agrarian Relations' decision was filed by herein petitioner.

The question involved in this appeal is whether or not the Court of Agrarian Relations erred in nullifying the tenancy contracts in question and, consequently, in, disregarding the stipulations made therein, principally, the sharing basis of the net produce at 55-45 in favor of the respondents-tenants.

During the pendency of this appeal, on June 28, 1957, petitioner filed with respondent Court of Agrarian Relations various complaints in consignment against 75 of her tenants (CAR Cases Nos. 553 to 627 Nueva Ecija '57), most of said tenants being the herein respondents-tenants (15 respondents were not made parties in said cases). In her complaints, petitioner tendered her 1/2 shares in the costs of transplanting and final harrowing for the agricultural year 1956-58 alleging that the respondents therein had refused to receive the same in violation of their tenancy contracts. The parties in these cases, on August 27, 1957, entered into a Stipulation Of Facts wherein they agreed that the respondents therein are tenants of petitioner having tenancy contracts for a period of ten years, the validity of which are pending litigation in the Supreme Court; that respondents' refusal to accept

petitioner's tender of her share in the expenses of final harrowing and transplanting was because under Act No. 4054 and Republic Act No. 1199, they claim to have the right to change the sharing basis every agricultural year despite the fact that the period of ten years has not yet elapsed. The Court of Agrarian Relations (Tomas Panganiban, Judge) rendered a decision ordering the respondents therein to accept the tender of petitioner's share and to maintain the sharing basis of 55-45 in favor of respondents as agreed upon in their contracts. The respondents appealed the decision to the Supreme Court, but it was dismissed for lack of merit (G. R. No. L-13176, Sept. 18, 1957). Upon the finality of the judgment in these cases, several respondents therein withdrew from the respondent court their corresponding shares in the amounts consigned by the petitioner.

Similar complaints in consignment were filed by petitioner in 1958 and 1959 for her share in the costs of final harrowing and transplanting for the agricultural years 1958-59 and 1959-60, decisions thereon having been held in abeyance by the respondent Court of Agrarian Relations (Judge Jose M. Santos, presiding), pending final determination by the Supreme Court of the appeal in the present case.

On October 5, 1958, 35 of herein respondents-tenants and the petitioner in the present case filed with the Supreme Court a motion for a judgment by compromise agreeing that the tenancy contracts were executed in accordance with law; that said contracts are all for a period of ten agricultural years from the date of their execution; that the sharing basis of 55-45 in favor of the respondents be maintained, except that for the agricultural year 1955-56, the sharing basis to be followed shall be that in accordance with the provision of Sections 32 of Republic Act 1199, taking into account the fact that the petitioner had shouldered all the expenses of final harrowing and transplanting for that year.

On November 28, 1959, two similar agreements were entered into between petitioner and several other respondents, bringing the total number of respondents who have compromised with the petitioner to 45, leaving only 30 respondents who have not entered into any agreement with the petitioner, to wit:

Cornelio Patricio

Epifanio Pascual

Silvino Cortez Rufino Galang

Virgilio Corcuera Juan Mariano

Narciso Imperio Laureano Gabriel

Jose Hernandez Fausto Milla

Gregorio Galang

Pedro Imperio

Felizardo Imperio

Francisco Mana

Marcos Cortez

Domingo Resma

Jose Maniñas

Mariano Libunao

Inocencio de los Santos

Maria Baisa

Jose Corcuera

Luis Dagman

Protacio Corcuera

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Lucas Gabriel

Alberto Imperio

Tomas Barrera

As for these respondents who have not entered into any agreement with the petitioner, the following questions remain:

(1) Are the tenancy contracts valid or not?

(2) What shall be the sharing basis for the agricultural year 1955-56 taking into account the actual contributions of the parties in the cost of final harrowing and transplanting for that year? In other words, who shouldered the expenses of final harrowing and transplanting for the agricultural year 1955-56?

The main thesis of appellant is that the decision of the Court of Agrarian Relations is not supported by substantial evidence. The trial court concluded that the contracts were fraudulently executed and, therefore, were null and void, taking into account the following circumstances and evidence:

(1) The contracts were printed in Tagalog, a dialect different from that of the tenants who only know Ilocano, to the extent that the Municipal Treasurer had the oontracts translated to the tenants by his clerk, which means that

the contract is not in a language or dialect known to both parties thereto, contrary to section 12 of Republic Act 1199 and section 4 of Act 4054;

(2) That some contracts (Exhibits 1-4) were ratified by a Notary Public and not by the Municipal Treasurer or Mayor or Justice of the Peace, as required by section 12 of Republic Act 1199, and were so ratified four months after they were signed on May 20, 1955;

(3) That the contracts exhibits "5" to "79" were signed in May, June, and July of 1954, but sworn to before the Municipal Treasurer on July, August, September, and October of 1954, and registered without the presence of the tenants;

(4) That the tenants' copies were not delivered to them but to the landlord's overseer, who did not deliver the respective copies to the tenants (Dec, p. 32);

(5) That the contract period was ambiguously worded "Isang Pung Taon", or "Isampung taon";

(6) The tenants, through their witnesses, De los Santos, Patricio, Galang and Santiago, showed that when the contracts were signed, they were given to understand that they were only for one (1) year and not for ten years, and that the contracts, were not signed or thumbprinted in the presence of the Municipal Treasurer or the Notary Public, nor were the contracts read to them.

It is apparent from the foregoing that the Court's finding that the contracts were contrary to law and fraudulent of not really assented to by the tenants, wherefore they should be annulled and set aside, is not a conclusion based on mere conjecture; it is supported by substantial evidence, derived from the testimony for the tenants, surrounding circumstances, and the provisions of the Tenancy Act. Whether or not the circumstantial evidence of fraud is or is not sufficient to overcome the testimony and evidence for the landowner is not a question for this court to decide; so long as the findings of fact of the Agrarian court attain the minimum evidentiary support demanded by the law, such findings can not be revised or altered by the appellate tribunals.

Proceeding now to examine the issues of law raised by the appellant-landholder, we find that there is no estoppel on the tenants to assail the binding effect of their written contracts simply because they asserted in their original petition that—

"Contracts covering their tenancy relationship have been duly executed by both parties for the agricultural year 1955-1956",

since the contracts relied upon by the appellant landlord are ten-year contracts from 1955 to 1965, while the alleged judicial admission refers to one-year contracts.

We find no merit either in the appellant's contention that the tenants are precluded from contesting the written contracts because they failed to do so within 30 days from their registration, as provided by section 11 of Republic Act No. 1199:

"SEC. 11. Freedom to Contract in General.—The landholder and the tenant shall be free to enter into any or all kinds of tenancy contract, as long as they are not contrary to law, morals or public policy. Except in case of fraud, error, force, intimidation or undue influence, when such contract is reduced to writing and registered as hereinafter provided, the latter shall be conclusive evidence of what has been agreed upon between the contracting parties, if not denounced or impugned within thirty day after its registration."

The reason is that, as pointed out for the respondent Court of Agrarian Relations, the section above-quoted does not apply to contracts tainted by fraud or other vice of consent, much less to contracts violative of the law itself, as the present ones were found to be. A second reason is that the tenants not having been furnished copies of the

contract, and most if not all of them being illiterate, they can not be expected to contest a contract the exact terms of which were hidden from them.

It is true that the original complaint did not allege fraud, but the tenants, in the course of the trial, submitted "verbal motions seeking to amend the petition so as to include the allegation that respondent fraudulently secured the execution of the tenancy contracts invoked in this case, and praying that the said contracts be declared null and void and not binding on the parties." (Dec., p. 23; Petition for Review, p. 7). Over the defendants' objection, "the Court proceeded with the trial because it believed there was no necessity to make formal amendments to consider the issue raised in the verbal motion". (Dec, p. 24), "and allowed the parties to produce evidence on the circumstances surrounding the execution of the contracts of tenancy" (Dec, pp. 24-25).

This course is authorized by section 11 of Republic Act No. 1267 creating the Court of Agrarian Relations:

"SEC. 11. Character of Order or Decision.—In issuing an order or decision, the Court shall not be restricted to the specific relief claimed or demands made by the parties to the dispute, but may include in the order or decision any matter or determination which may be deemed necessary and expedient for the purpose of settling the dispute or of preventing further disputes, provided that said matter for determination has been established by competent evidence during the hearing."

At any rate, even disregarding fraud, the written contracts were violative of the provisions of the Tenancy Act (R.A. 1199) in several respects previously pointed out. Wherefore, the Agrarian Court committed no reversible error in invalidating them and in applying the tenancy law as if no written contracts existed.

With regard to the contracts acknowledged before a Notary Public, section 12 of the Agricultural Tenancy Act (R.A. No. 1199) expressly requires that (sec. 12, par. 2)—

"The contracting parties shall acknowledge the execution of the contract before the municipal treasurer or justice of the peace or mayor of the municipality where the land is situated." (Italics supplied)

Comparison with the corresponding provision of the preceding Rice Tenancy Act that it superseded (Act No. 4054), reciting—

"Oath or affirmation by the contracting parties before the municipal treasurer concerned shall be sufficient for the purpose of acknowledgment.,"

leaves no room for doubt that the enumeration of the authorized acknowledging officers in section 12 of the prevailing statute, is a deliberate legislative reform, designed to exclude the intervention of Notaries Public in tenancy contracts, that should be made fully effective (cf. *Butte vs. Uy & Sons, Inc.*, supra, p. 437). No error was committed by, the trial court, therefore, in considering such notarial acknowledgments as violative of the law.

The Agrarian court pronounced that the tenants were entitled to 70% of the gross produce, having borne the cost of final harrowing and transplanting, as well as having furnished the labor, farm implements and work animals; and that the cost of the final harrowing and transplanting can not be regarded as equally shared between tenant and landlord when the latter pays his or her share after the said agricultural operations have already been completed. No reversible error was incurred in so holding, since under section 34 of Republic Act 1199, reimbursements for either party's contribution are not allowed.

"SEC. 34. Reimbursement Not Allowed.—Contributions or shares in the contribution to the production of the crop in the form of cash, grain or services, once shouldered or rendered alone by one party may not be reimbursed by the other party after the phase or phases of work required in the joint undertaking shall have been completed."

The acceptance by the tenants of the landlord's belated contribution, therefore, was correctly considered by them and by the Court as loans repayable upon liquidation of the crop.

With regard to the crops subsequent to that of 1955-1956, the rejection by the tenants of the landlord's contribution to the cost of final harrowing and transplanting, if tendered in due time, can not be justified by the tenants' right to change the crop sharing arrangement unless the tenant has served notice of his intention to change upon the landholder at the advance end of the preceding agricultural year (Sec. 14, R.A. 1199). The giving of timely notice is an issue of fact that the Agrarian court is the one competent to decide.

Finding no reversible error in the judgment appealed from, we hereby affirm the same with respect to the tenants who have not entered into a compromise of their action against the landlord. The records are ordered remanded to the court of origin for further proceedings in conformity with this opinion. Costs against appellant Tinio.

Bengzon, C. J., Padilla, Bautista Angelo, Concepcion, Barrera, Paredes, and Dizon, JJ., concur.

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