

DAVAO STEEL CORPORATION, PETITIONER, VS. JOSE R. CABATUANDO, JUDGE OF THE COURT OF AGRARIAN RELATIONS, 7TH REGIONAL DISTRICT, CEBU AND CORNELIO CUYSON, RESPONDENTS.

G.R. No. 19866. April 29, 1964

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

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

The petitioner, Davao Steel Corporation, is a domestic corporation engaged in the steel and allied metals industry. After scouring around for a factory site, it decided upon an area planted to sugarcane and corn, located at Pakna-an or Umapad, Mandawe, Cebu, and belonging to Domingo Mendoza, and, therefore, sought to acquire it.

The corporation negotiated with Mendoza without the latter informing the former that the land was being tilled by a tenant, and, instead, assuring it that there would be no trouble. On 8 May 1961, the corporation bought the land but withheld a part of the purchase price because one Roberta Ouano claimed ownership over a small portion of the land. With the consent of Mendoza, however, the withheld amount was paid to Ouano, thus constituting the corporation as the acknowledged absolute owner.

In the latter part of the same month of May, the laborers of the corporation cut down the entire corn crop; in June, residential houses for employees were constructed along the side; in September, the foundation of a factory was laid out in the center, a road was constructed, and a stone wall built surrounding the factory site. In the process, the sugarcane crop was also destroyed, except the part that was planted outside the wall.

The respondent, Cornelio Cuyson, had been the longtime tenant of both Domingo Mendoza and Roberta Ouano over the land in question, and had been assisted by his children in its cultivation because of his advanced age (75 years). In the last week of May, 1961, he became bed-ridden, but he could see from his house, which was separated only by a river, the building constructions going on on his landholding. It did not occur to him to send any one of his children to make his claim or protest for him. The corporation, on the other hand, never contacted the respondent.

On 8 June 1961, Cornelio Cuyson filed a complaint for reinstatement and damages, and, after trial, the Court of Agrarian Relations, Cebu City, rendered judgment against the petitioner, Davao Steel Corporation for P250 as actual damages, P250 as exemplary damages, P100 as attorney's fees, plus costs, and ordered the respondent reinstated to the portion of the land that is still devoted to agriculture.

Not satisfied, the petitioner filed with this Court a petition for certiorari to reverse or review the aforesaid decision, including its order denying leave to file a third party complaint against the vendor of the land.

The petitioner's theory that the Court of Agrarian Relations had no jurisdiction over the case because at the time of the filing of the complaint no tenancy relationship existed between it and respondent Cuyson on account of the conversion of the land into one of industrial character is devoid of merit. When the petitioner corporation

purchased the land, the same was still agricultural; it did not become industrial just because the corporation intended to make it so. The petitioner corporation, by its purchase, succeeded into the duties of the former landholder (sec. 9, Tenancy Act), including the obligation to respect the tenure of the tenants. The corporation caused the termination of the relationship by devoting the land to industrial purposes without the consent of the tenant or of the Court, and it cannot take cover in the wrongful conversion that it has itself caused. The conversion of the land being set up as the cause of the termination of the tenancy relationship, the present case is a "question, matter, controversy, or dispute" involving "all those relationships * * * which determine the varying rights of persons in the cultivation and use of agricultural land where one of the parties works the land * * *." (Sec. 7, RA 1267, as amended by RA 1409), and, therefore, the case lies within the jurisdiction of the agrarian court.

The corporation cannot disclaim knowledge that the land was tenanted because at the time of the purchase, a reasonable inquiry would have disclosed the fact that the land was cultivated by a tenant (cf. *Lopez, et al. vs. Gonzaga, et al.*, L-18788, 1 Feb. 1964; *Emas vs. De Zuzuarregui*, 53 Phil. 197, 204).

Our decision in *Melitona Estate vs. De Guzman*, L-11912, April 30, 1999, was based on the prior consent of the tenant to the industrialization of the land, and does not apply to the case at bar. While the decision to convert or not to convert the land from agricultural to industrial resides in the owner-corporation, yet, since the land is tenanted and with growing crops thereon, the owner cannot, unilaterally and without the consent of the tenant, exercise the right of conversion. The requisite consent of the tenant or of the court is not based upon the premise that the tenant's will not to convert is superior to that of the owner's decision to convert but that the tenant is entitled to security of tenure, and that the right of possession of the tenant, by express provision of the law, is not extinguished by the sale of the land worked by him (Sec. 9, Act 1199).

The destruction of the standing crops smacks of arbitrary high-handedness for which the corporation deserves the imposition of exemplary or deterrent damages. Crops worth P250.00 to the planter may be a measly sum to the multi-million-peso corporation but it may mean to the tenant, together with his family, whether he and his family may eat or not three meals a day.

While the award of exemplary damages is civil, Republic Act 1199 provides in its Section 55 the applicability of general laws to acts and omissions by either landlord or tenant against each other during, and in connection with, their relationship, and, as per Section 19 of Republic Act 1267, to contracts provided by the Act. Therefore, exemplary damages may be awarded in tenancy cases.

But the third-party complaint that the petitioner sought to file against the vendor Mendoza is not within the jurisdiction of the tenancy court because the would-be plaintiff and the would-be defendant do not have any tenancy relationship inter se, and the cause of action, based on the alleged misrepresentation of the vendor before the perfection of the sale that the vendee-corporation would have no trouble, is one of tort, which properly belongs to the jurisdiction of the ordinary courts.

For the foregoing reasons, the decision under review is hereby affirmed, with costs against the petitioner, Davao Steel Corporation.

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

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