

POTENCIANO ILUSORIO AND TERESA ILUSORIO, PETITIONERS VS. COURT OF AGRARIAN RELATIONS ET AL., RESPONDENTS.

G.R. No. 20344. May 16, 1966

Ponente: CONCEPCION, J.

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CONCEPCION, J.:

Appeal from a decision of the Court of Agrarian Relations, the dispositive part of which reads:

"In view of all the foregoing, the Court hereby holds that Sec. 14 of Rep. Act No. 1199, as amended, is constitutional and the leasehold system of tenancy shall govern the relationship of the parties, except Nirodenms Magcalas and Miguel Santiago, starting with the 1961-1962 agri-year.

"Petitioners are hereby ordered to pay per agri-year to respondent-landholders rentals in the amount appearing opposite their names:

NAMES

Rent in Cavans of Palay

1. Miguel Sta. Ana
17.56 cavans
2. Domingo Santiago
15.83 cavans
3. Timoteo Magcalas
17.40 cavans
4. Leandro Manigas
13.77 cavans
5. Valentin Paclieco
9.37 cavans
6. Gonzalo Santiago
5.59 cavans
7. Salvador Santiago

13.24 cavans	
8. Emiliano Paclieco	
9.21 cavans	
9. Santiago Pangilinan	
25.80 cavans	
10. Jose Sta. Ana.....	
21.99 cavans	
11. Graciano Mangalindan	
17.05 cavans	
12. Ricardo Balmero.....	
17.25 cavans	
13. Ireneo dela Cruz	
16.05 cavans	
14. Jose Mallari	
11.06 cavans	
15. Artemio Gabriel	
10.29 cavans	
"Respondent-landholders are hereby ordered to return to petitioners the following amounts of palay of the variety harvested appearing opposite their names:	
1. Miguel Sta. Ana	
22.28 cavans	
2. Domingo Santiago	
12.73 cavans	
3. Timoteo Magcalas	
11.6 cavans	
4. Leandro Manigas	
10.14 cavans	
5. Valentin Pacheco	
15.20 cavans	
6. Gonzalo Santiago	
6.01 cavans	

7. Salvador Santiago	
11.93 cavans	
8. Emiliano Pacheco	
11.92 cavans	
9. Santiago Pangilinan	
10.02 cavans	
10. Jose Sta. Ana	
10.05 cavans	
11. Graciano Mangalindan	
17.21 cavans	
12. Ricardo Balmero	
17.58 cavans	
13. Irineo dela Cruz	
17.7 cavans	
14. Jose Mallari	
12.85 cavans	
15. Artemio Gabriel	
13.83 cavans	

Total
208.31 canvas

"The petition with respect to Nicortemus Magcalas and Miguel Santiago is hereby dismissed. The prayer of Pascual Manalili for the determination of the rent he is to pay is likewise, dis-' missed for lack of evidence.

"All other claims are dismissed,"

Petitioners herein, Potenciano Ilusorio and Teresa Ilu-sorio, are co-owners of a parcel of land situated in the Barrio of Bantug, Municipality of San Miguel, Province of Bulacan. The main respondents herein—i.e., the fifteen (15) winning tenants named in the dispositive part above-quoted—have for years worked on said land under the share tenancy system. Before the beginning of the agricultural year 1960-1961, they gave notice to the petitioners, in conformity with the provisions of Section 14 of Republic Act No. 1199, as amended, that they (respondents) wanted to change their tenancy contract from said system to leasehold tenancy. The Ilusorios having refused to

agree thereto, said respondents—and three other tenants whose claims were dismissed by the Court of Agrarian Relations—instituted this proceedings, in said court, on November 16, 1960. The main defense set up by petitioners herein, as respondents in said court, is that the aforementioned Section 14 of Republic Act No. 1199, as amended is unconstitutional, which was rejected by the lower court. Hence, this appeal in which the Ilusorios maintain: (1) that said provision is unconstitutional; and (2) that the lower court had acted arbitrarily in fixing the rentals collectible by them from respondents herein at 20% of the average harvest for the agricultural years 1959-1960, 1961, and 1962.

Petitioners assail the constitutionality of Section 14 of Republic Act No. 1199, as amended, upon the ground that it violates the freedom of contract and impairs property rights, as well as the obligation of contracts. This Court has already held, however, that:

"The prohibition contained in constitutional provisions against impairing the obligation of contracts is not an absolute one and is not to be read with literal exactness like a mathematical formula. Such provisions are restricted to contracts which respect property or some object or value, and confer rights which may be asserted in a court of justice, and have no application to statute relating to public subject within the domain of the general legislative powers of the State, and involving the public right and public welfare of the entire community affected by it. They do not prevent a proper exercise by the State of its police powers. By enacting regulations (reasonably necessary to secure the health, safety, moral, comfort, and general welfare of the community, even the contracts may thereby be affected; for such matter cannot be placed by contract beyond the power of the State to regulate and control them." (*Ongsiako vs. Gamboa, et al.*, 86 Phil., 50.)

Although mainly concerned with the constitutionality of Sections 9 and 50 of Republic Act No. 1109, as amended, the validity of this law in its entirety was upheld in *Primero vs. Court of Agrarian Relations*, (101 Phil., 675), in the following language:

"* * * "We find no merit in this contention. The provisions of law assailed as unconstitutional do not impair the right of the landowner to dispose or alienate his property nor prohibit him to make such transfer or alienation; they only provide that in case of transfer or in case of lease, as in the instant case, the tenancy relationship between the landowner and his tenant should be preserved in order to insure the well-being of the tenant or protect him from being unjustly dispossessed by the transferee or purchaser of the land; in other words, the purpose of the law in question is to maintain the tenants in the peaceful possession and cultivation of the land or afford them protection against unjustified dismissal from their landholding. Republic Act 1199 is unquestionably a remedial legislation promulgated pursuant to the social justice precepts of the Constitution and in the exercise of the police power of the State to promote the common weal. It is a statute relating to public within the domain of the general legislative powers of the State and involving the public rights and public welfare of the entire community affected by it. Republic Act 1199, like the previous tenancy laws enacted by our law-making body, was passed by Congress in compliance with the constitutional mandate that 'the promotion of social justice to insure the well-being and economic security of all the people should be the concern of the State' (Art. II, sec. 5) and that 'the State shall regulate the relations between land-lord and tenant * * * in agriculture * * *', (Art. XIV, sec. 6) " (Italics supplied.)

As regards, particularly, Section 14 of Republic Act No. 1199, as amended, which is the main object of petitioners' appeal, its validity has been repeatedly sustained by this Court in *Mateo de Rarnas vs. Court of Agrarian Relations*, L-39555 (May 29, 1964), *Macasaet vs. Court of Agrarian Relations*, L-19750 (July 17, 1964), and *Uichanco vs. Gutierrez*, L-20275-9 (May 31, 1965). We find no cogent reason to depart from the view we have so far adhered to, which is in consonance with our consistent jurisprudence on the police power of the State.

As regards the second issue, it is urged that respondent court has acted arbitrarily in fixing, in its decision, dated June 27, 1962, the rentals to be paid by respondents herein on the basis of the average harvest for the three (3)

preceding agricultural years, for said rentals, petitioners maintain, should be determined from year to year. This pretense is refuted by Section 46 (a) of Republic Act No. 1199, as amended by Republic Act No. 2263 pursuant to which:

"The fixed consideration for the use of ricelands, shall not be more than the equivalent of twenty-five per centum in case of first class land and twenty per centum in case of second class land of the average gross produce, after deducting the same amount of palay used as seed and the cost of harvesting and threshing of the past three normal harvests."

It should be noted, also, that the rental thus fixed is subject to the qualification, found in a proviso to the effect:

"That, if the landholder introduced improvements on the farm which increase its productivity, he may demand for an increase in the rental proportionate to the increase in production resulting from such improvements. In case of disagreement the court shall determine the reasonable increase in rental. Classification of riceland shall be determined by productivity; first class lands being those which yield more than forty cavans per hectare and second class lands being those which yield forty cavans or less, the same to be computed upon the normal average Harvest of the three preceding years."

Wherefore, the decision appealed from is hereby affirmed, with costs against petitioners herein. It is so ordered.

Bengzon, C.J., Biwtista Angelo, Reyes, J.B.L., Barrera, Dizon, Regala, Makalintal, Bengzon, J. P., Zaldivar and Sanchez, JJ., concur.

Decision affirmed.

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