

**ROSA MARIA CRUZ AND FRANCISCO PIZARRO, PETITIONERS, VS.
THE HON. COURT OF APPEALS AND CATALINO DE LEON,
RESPONDENTS.***G.R. No. 50350, May 15, 1984*

Ponente: TEEHANKEE, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-50350/>**TEEHANKEE, J.:**

The Court affirms the decision of the Court of Appeals (now Intermediate Appellate Court) in C.A.-G.R. No. Sp-08764 (CAR) which reversed the decision of the now defunct Court of Agrarian Relations ordering respondent to vacate the land-holding and held that there exists a tenancy relationship between petitioners Rosa Maria Cruz and Francisco Pizarro and private respondent Catalino de Leon notwithstanding the execution of a "Labor Contract" because the evidence showed that the parties completely disregarded the terms and conditions of the alleged labor contract and their acts subsequent to the execution thereof showed instead a tenant-landlord relationship between them.

Petitioners spouses are the owners of an agricultural land located at Pandan, Orion, Bataan, cultivated by four tenants, including herein private respondent. On December 28, 1970, petitioners filed, as plaintiffs, a complaint for ejectment against their tenants before the Court of Agrarian Relations at Balanga, Bataan, docketed therein as CAR Case No. 353-B'70. During the pendency of the case, the parties came to an agreement whereby the tenants voluntarily surrendered the landholding for a consideration of P4,500.00. The compromise agreement was approved by the agrarian court in a decision dated November 15, 1971.

Sometime thereafter, or on December 27, 1971, herein respondent was taken in by petitioners to work on the same landholding as "laborer". A contract, captioned as "Labor Contract" was executed by the parties which provided, among others, that respondent shall be paid the sum of P8.00 per day of actual work done on the field. Thus, when petitioners filed a motion for the execution of the decision approving the compromise agreement, the agrarian court denied the motion on the ground that the subsequent agreement of cultivation between petitioners and respondent amounted to a novation of the decision and the compromise agreement in connection with CAR Case No. 353-B'70.[1]

Before the start of the agricultural season for the "panag-ulan" of 1974, respondent was notified to vacate the landholding but he refused despite petitioners' repeated demands. On January 2, 1975, petitioners filed a case for ejectment, docketed as CAR Case No. 565, against respondent alleging that there existed no tenancy relationship between them inasmuch as private respondent was only a hired laborer by virtue of the "Labor Contract" executed by them on December 27, 1971. In his answer, respondent insisted on his tenancy rights over the land. The agrarian court sustained petitioners and declared respondent as a mere hired laborer, ordering him to vacate the land and to deliver possession thereof to petitioners.

Respondent appealed to the then Court of Appeals, now Intermediate Appellate Court, which set aside the agrarian court's decision and entered another one declaring the existence of tenancy relationship between the

parties.

Hence, the present petition for review, with petitioners alleging that the appellate court acted with grave abuse of discretion in such declaration of tenancy relationship through improper reliance on the testimonies of respondent's witnesses which were allegedly contradictory and therefore false, and invoking the principle that where the factual findings are based on incompetent evidence, the error raised is one of law, not fact.[2]

Petitioners also contend that the appellate court failed to consider the compromise agreement whereby respondent and his co-tenants voluntarily surrendered the land after they received a consideration of P4,500.00. They maintain that the decision of the agrarian court was supported by evidence and the conclusions are in accordance with law and jurisprudence.

The appellate court found that material facts showing the existence of tenancy relationship between the parties were overlooked by the lower court, and set aside the contrary findings of the agrarian court. Where the findings of the appellate court are contrary to those of the trial court, a scrutiny of the evidence and resort to duly proven evidence may be in order, so as to determine if there is any merit in petitioners' contention.[3]

1. The records do not support petitioners' contention that respondent is a farm laborer. Although the Labor Contract provided that "payment of the daily wage of the laborer may be done every weekend, twice a month or once a month, depending upon the agreement of the parties;" respondent did not receive salaries and wages but rather a share in the produce of the land. Witness Rogelio Bantug testified that he saw the father of petitioner Rosa Maria Cruz and respondent divide the net produce of the land holding. Cesar Lopez, a co-tenant, testified that from 1971 to 1974, he witnessed the parties sharing in the net harvest and that in 1974, respondent paid a rental of 25% of the net harvest. Another witness, Fernando Juico, testified that on various occasions, he saw petitioner and respondent share the net produce of the property.

As pointed out by counsel for respondent, it is highly improbable that any agricultural worker on a daily wage of P8.00 a day would agree on receiving his payment on a lump sum after harvest. Only agricultural lessees/tenants get their share of the produce after harvest.[4] Laborers receive wages regularly on a weekly, bi-monthly or monthly basis, depending on the number of days they reported for work. In the case of *De los Reyes vs. Espineli*[5] the Court cited the basic differences between a farm employer-farm worker relationship and an agricultural sharehold tenancy relationship, thus: "Both of course, are leases, but there the similarity ends. In the former, the lease is one of labor, with the agricultural laborer as the lessor of his services, and the farm employer as the lessee thereof. In the latter, it is the landowner who is the lessor, and the sharehold tenant is the lessee of agricultural land. As lessee he has possession of the leased premises. But the relationship is more than a mere lease. It is a special kind of lease, the law referring to it as 'joint undertaking.' For this reason, not only the tenancy laws are applicable, but also in a suppletory way, the law on leases, the customs of the place and the civil code provision on partnership. The share tenant works for that joint venture. The agricultural laborer works for the farm employer, and for his labor he receives a salary or wage, regardless of whether the employer makes a profit. On the other hand, the share tenant participates in the agricultural produce. His share is necessarily dependent on the amount of the harvest."

In the case at bar, respondent did not receive regular payments. He got cash advances or "vales" only as his needs arose. The very receipts (Exhibits D & E) of petitioners show that they paid respondent the cash equivalents of his share in lump sums. Thus, portions of the testimonies of petitioner Rosa Maria Cruz show:

"Q. Showing to you this receipt dated June 15, 1972 read, "Tinanggap ko kabuuang halaga na Limang Daang Piso (P500.00) kay Gng. Rosa Maria G. Pizarro bilang upa sa aking pagkakagawa sa bukid nitong nakaraang panag-araw 1972" and there appears a signature read "Catalino de Leon", do you know whose signature is this?

A. Yes, sir, this is the signature of Catalino de Leon. (pp. 19-20, TSN, August 6, 1975.)

x x x x x

Q. Showing to you a receipt dated December 18, 1972 which reads: Tinanggap ko ang aking upa sa kabuuang halagang na (500.00) Limang Daang Piso, sa aking pagkakagawa sa bukid sa Pandan nitong panahon ng panag-ulan 1972 kay Gng. Rosa Maria G. Pizarro", and there is a signature reading "Catalino de Leon", whose signature is that?

A. This is the signature of Catalino de Leon, Sir. (p. 22, TSN, Aug. 6, 1975.)

x x x x x

Q. This receipt with date December 27, 1972 to February 17, 1973, there appears, "naging upa at vale P150.00" and there also appears a signature reading "Catalino de Leon", whose signature is this?

A. This is the signature of Catalino de Leon, sir. (pp. 23-24, TSN, Aug. 6, 1975.)

x x x x x

Q. From February 28, 1973 to May 3, 1973 there appears P115.00 what does this represent?

A. This represents the payment and the cash advance, sir. (p. 24, TSN, Aug. 6, 1975.)

x x x x x

Q. From January 26, to April 18, 1973 there appears here an amount of Two Hundred Pesos (P200.40) and Forty Centavos, what does this represent?

A. This represents the money taken by Catalino de Leon from me; that is the total amount, sir.

(pp. 25-26, TSN, Aug. 6, 1975.)

x x x x x

Q. Likewise, there is here "Vale sa Botika P51.50" together with the sum of P147.00 wherein it is stated "natitirang perang pinagtrabahan ko nitong nakaraang panag-araw 1973. Tinanggap kay Gng. Maria G. Pizarro ngayong May 14, 1973" and there is a signature reading "Catalino de Leon", do you know whose signature is this?

A. This is the signature of Catalino de Leon, sir. (pp. 26-27, TSN, August 6, 1975.)

Q. In the year 1973-74 "panag-araw" did Catalino de Leon work on your landholding?

A. Yes sir.

Q. For every work done by Catalino de Leon, you paid him?

A. Yes sir.

x x x x x

Q. From March 10, 1974 to April 27, 1974, did you pay Catalino de Leon the services he rendered in your landholding?

A. Yes sir.

Q. And that payment was in writing?

A. Yes, sir, it is written in the notebook.

Q. Aside from these payments, what other valuable cash did he get from you?

A. That is the total amount taken from me, sir.

Q. The amount is how much?

A. The amount is One Thousand One Hundred Twenty Pesos (P1,120.00), sir." (pp. 35-36, TSN, Aug. 6, 1975.)

2. Unlike ordinary laborers, respondent did not observe regular work hours. Petitioners could not even remember the number of days that respondent worked on the land for each agricultural year. While petitioner Cruz kept record of the "vales" and the full amount paid to respondent for each agricultural season, she did not keep a record of the actual number of days respondent reported for work. On cross-examination, she testified:

"Q. But according to you, your agreement was to pay him Eight Pesos (P8.00) a day. So, it is necessary for you to find out how many days he worked. Don't you know the number of working days? You have to know how many days he worked.

A. That Five Hundred (P500.00) Pesos is the total amount for his work, your Honor.

Q. You should know how many days he worked because your agreement is Eight Pesos) (P8.00) a day.

A. I have a list for the detailed amount but I only got the total amount. (p. 8, TSN, June 7, 1977)

x x x x x

Q. Do you remember how many days Catalino de Leon worked in taking care of the crop?

A. I cannot remember, sir.

Q. Neither could you remember how many days Catalino de Leon worked in irrigating the landholding, is that correct?

A. No, sir, I could not remember.

Q. Neither could you remember how many days Catalino de Leon worked during the harvesting of the palay that was planted in the landholding?

A. I could not remember, sir." (p. 12, TSN, June 7, 1979.)

3. The records show that respondent performed all the duties of a tenant. He did all the various phases of farm work on the land. As declared by petitioner Cruz, "after clearing the 'pilapiles', he was taking care of the palay; harrowed, applied fertilizer and took care of the irrigation." Although she testified that she hired other laborers to work with respondent on some phases of work in the field, she admitted, however, that it was respondent who took care of the field for each whole agricultural season, thus:

"Q. Why is it that with respect to Catalino de Leon you made records and required him to sign while with respect to the other paid laborers you did not?

A. Because those are hired laborers and Catalino de Leon is the one taking care of the field, your Honor. (p. 47, TSN, Oct. 22, 1975.)

x x x x x

Q. The same thing to Catalino de Leon, you made him sign a receipt?

A. Catalino de Leon is different from them, sir. (p. 43, TSN, Oct. 22, 1975, emphasis supplied.)

4. Finally, it is also undisputed that respondent lives on a hut erected on the landholding.[6] This fully supports the appellate court's conclusion, since only tenants are en-titled to a homelot where he can build his house thereon as an incident to his right as a tenant.[7]

In view of all the foregoing, the Court confirms the appellate court's findings of the existence of a tenancy relationship between the parties. Notwithstanding their execution of a "Labor Contract", the subsequent actions of the parties showed an actual landlord-tenant relationship between them. The acts of the contracting parties, subsequent to, and in connection with, the performance of the contract must be considered in the interpretation of the contract.[8] Art. 1370 of the Civil Code provides that "(I)f the words appear to be contrary to the evident intention of the parties, the latter shall prevail over the former." To determine the nature of a contract, courts do not have or are not bound to rely upon the name or title given it by the contracting parties, should there be a controversy as to what they really had intended to enter into, but the way the contracting parties do or perform their respective obligations, stipulated or agreed upon may be shown and inquired into, and should such performance conflict with the name or title given the contract by the parties, the former must prevail over the latter.[9]

Also, the Court is aware of the practice of landowners, by way of evading the provisions of tenancy laws, to have their tenants sign contracts or agreements intended to camouflage the real import of their relationship. As the Court stressed in the case of *Teodoro vs. Macaraeg*,[10] "We agree with petitioner that as a landholder he has full liberty to enter into a civil lease contract covering his property. What we want to indelibly impress, however, is that once a landowner enters into a contract of lease whereby his land is to be devoted to agricultural production and said landholding is susceptible of personal cultivation by the lessee, solely or with help of labor coming from his immediate farm household, then such contract is of the very essence of a leasehold agreement, and perforce comes under the direct coverage of the tenancy laws. Otherwise, it would be easy to subvert, under the guise of the liberty to contract, the intentment of the law of protecting the underprivileged and ordinarily credulous farmer from the unscrupulous schemes and pernicious practices of the landed gentry."

ACCORDINGLY, the decision appealed from is hereby affirmed in all respects.

Melencio-Herrera, Plana, Relova, Gutierrez, Jr., and De La Fuente, JJ., concur.

[1] p. 14, TSN, August 6, 1975.

[2] *Borromeo vs. Court of Appeals*, No. 1976, 70 SCRA 324.

[3] *Legaspi vs. CA*, 69 SCRA 360.

[4] p. 6, Memorandum for Private Respondent.

[5] 30 SCRA 574.

[6] p. 33, TSN, August 6, 1975.

[7] Sec. 24, Agricultural Land Reform Code.

[8] *Quiroga vs. Parsons Hardware Co.*, 38 Phil. 501; also *Reyes vs. Limjap*, 15 Phil. 420; *De la Vega vs. Ballilos*, 34 Phil. 683; *Abella vs. Gonzaga*, 56 Phil. 132; *Nielson & Co., vs. Lepanto Consolidated Mining Co.*, 18 SCRA 1040.

[9] *Shell Co. of the Phils., Ltd. vs. Firemen's Insurance Co. of Newark*, 100 Phil. 757; *Borromeo vs. Court of Appeals*, No. L-22962, Sept. 28, 1972, 47 SCRA 65.

[10] 27 SCRA 7 (1969) per then Associate Justice, later Chief Justice, Fred Ruiz Castro.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.