

**DON PEPE HENSON ENTERPRISES AND VICENTE HENSON,
PETITIONERS, VS. IRINEO PANGILINAN, MELQUIADES GUZMAN,
MARCIAL DAYRIT, JUAN PANGILINAN, MARIANO DAVID, AND THE
HON. COURT OF APPE...**

G.R. No. 54290. May 31, 1988

Ponente: PADILLA, J.

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PADILLA, J.:

Petition for review on certiorari of the decision[**] of the Court of Appeals dated 6 June 1980 in CA-G.R. No. 10535-CAR entitled "Irineo Pangilinan, et. al., plaintiffs-appellees vs. Don Pepe Henson Enterprises, et. al., defendants-appellants", which affirmed the decision[***] of the Court of Agrarian Relations holding that private respondents are tenants in petitioners' landholdings.

On 27 May 1976, private respondents filed an action for injunction with the Court of Agrarian Relations in CAR Case No. 1566-P'76 praying that petitioners be restrained from molesting and disturbing them in the peaceful possession of the lands they were tilling as tenants. Petitioners' men had allegedly fenced the affected areas and had prohibited private respondents from entering the premises which they had planted with palay and vegetables[1].

On 20 July 1976, the Court of Agrarian Relations through Judge Milagros A. German issued a temporary restraining order restraining petitioners from disturbing private respondents in their peaceful possession and enjoyment of the landholdings. On 31 October 1979, the same Court, this time through Judge Cesar V. Alejandria, rendered judgment in favor of private respondents finding them to be lawful leasehold tenants entitled to security of tenure[2].

Petitioners appealed the CAR decision to the Court of Appeals. On 6 June 1980, the Court of Appeals affirmed the decision in toto, holding that a leasehold tenancy relationship existed between petitioners and private respondents based on the evidence adduced in the trial court[3].

Petitioners dispute the sufficiency of such evidence, and assert that the Court of Appeals should not have just relied on the findings of fact of the trial court, but should have made its own findings of fact and conclusions of law[4].

The facts, as found by the trial court, and concurred in by the Court of Appeals, are as follows:

Petitioner Don Pepe Henson Enterprises is a partnership duly organized under the laws of the Philippines, owning about three hundred sixty (360) hectares of land in Pampanga province. Two hundred (200) hectares of these are devoted to sugar, while the others have been or are in the process of being developed as subdivisions. Petitioner Vicente Henson manages petitioner partnership. On 2 February 1966, petitioners executed a Contract of Lease over the agricultural portion of their lands in favor of Faustino Ocampo. Pertinent provisions of this Contract read as follows:

"2. - That the lease shall be strictly on a year to year basis beginning the crop year 1966-1967, renewable from year to year thereafter provided that the LESSOR shall have the right to terminate the lease of the entire area or portions thereof, such as may be needed by it for subdivision or other purposes, by giving the LESSEE written notice of termination of lease six (6) months in advance; xxx

7. - That the LESSEE shall not transfer or assign his rights hereunder given without the express written consent of the LESSOR being first had and obtained"[5].

Prior to the execution of the aforesaid contract, sixty one (61) tenants of petitioners in their lands converted into subdivision were paid disturbance compensation in return for a voluntary surrender of their respective landholdings. Two (2) of these tenants, Mariano David and Juan Pangilinan, are now private respondents in this case[6].

Mariano David received cash payment in 1968 and executed a Document of Surrender in 1970, while Juan Pangilinan, who also received similar compensation, executed a Document of Surrender in 1968. It is admitted, however, that the lands on which these private respondents wish to be recognized as tenants are different from the lands for which disturbance compensation was received by them.

Private respondents were allowed by petitioners' lessee Faustino Ocampo to till their respective parcels of land which were encompassed by the Contract of Lease for a fee of several cavans of palay per year. These lands are all located in Barrio Pampang, Angeles City and are of varying sizes, to wit:

Ireneo Pangilinan

- 1 hectare, more or less

Melquiades Guzman - .5 hectare, more or less

Marcial Dayrit - 1 hectare, more or less

Juan Pangilinan - 1.5 hectares, more or less

Mariano David - 1.5 hectares, more or less

Faustino Ocampo died in January 1972. His son Pepito continued gathering the standing crops in the leased area until surrender of the lands back to petitioners in 1972[7].

According to petitioners, after the surrender of the lands by Pepito, private respondents herein, who had leased the lands from the Ocampos, pleaded to be allowed to continue farming their landholdings. Petitioners assented in an Agreement signed January 1972. On 20 November 1972, however, petitioners leased their lands to Augusto Ayson. When petitioners attempted to evict private respondents from the lands they were tilling, in order to purportedly convert the areas for subdivision and resort development, private respondents then filed the case for injunction, earlier stated.

Petitioners assert that private respondents are not tenants entitled to security of tenure. They point to the absence of any receipt which could prove that private respondents paid rentals on the land they were tilling, aside from their own "self-serving" testimonies, arguing that the warehouse receipts for deposits made by private respondents

on dates prior to the filing of the case were inadequate to prove that, before and after such dates, they did pay rentals or deposited a share of the produce for petitioners' benefit. They also allege that they were coerced by dissidents then in control over much of Pampanga to enter into the Contract of Lease with Faustino Ocampo.

Private respondents, on the other hand, assert that they are bona fide tenants of Faustino Ocampo, the civil-law-lessee of petitioners, and hence, their security of tenure ought to be respected even after Ocampo's death. They contend that they offered to continue sharing part of their produce with petitioners who, however, refused to accept their offer. In addition, they point out that even if Faustino Ocampo had breached his Contract of Lease with petitioners, they are still entitled to be recognized as tenants as the breach of the lease contract was not committed by them and they are not parties to the contract.

We find for private respondents.

Sec. 10 of Rep. Act No. 3844 (Agricultural Land Reform Code) which took effect 8 August 1963 states:

"Agricultural Leasehold Relation Not Extinguished by Expiration of Period, etc. - The agricultural leasehold relation under this Code shall not be extinguished by mere expiration of the term or period in a leasehold contract nor by the sale, alienation or transfer of the legal possession of the landholding. In case the agricultural lessor sells, alienates or transfers the legal possession of the landholding, the purchaser or transferee thereof shall be subrogated to the rights and substituted to the obligations of the agricultural lessor."

As held in *Joya et al vs. Pareja*[8] in discussing the precursor of the above-stated provision:

"It is our considered judgment, since the return by the lessee of the leased property to the lessor upon the expiration of the contract involves also a transfer of legal possession, and taking into account the manifest intent of the lawmaking body in amending the law, i.e., to provide the tenant with security of tenure in all cases of transfer of legal possession, that the instant case falls within and is governed by the provisions of Section 9 of Republic Act 1199, as amended by Republic Act 2263. The termination of the lease, therefore, did not divest the tenant of the right to remain and continue on his cultivation of the land. Furthermore, should any doubt exist as to the applicability of the aforementioned provision of law to the case at bar, such doubt must be resolved in favor of the tenant"[9].

This holding was reiterated in *Ponce vs. Guevarra*[10] which said:

"It is true that the subleasing of said land to respondents herein without the written consent of the petitioner, constituted a violation of the original contract of lease. The breach of contract was committed, however, by Donato, [lessee] not by respondents, who were not parties to the contract"[11].

From our scrutiny of the records of this case, there is substantial evidence of private respondents' status as tenants of Faustino Ocampo. Petitioners' assertion that they were unwilling lessors of Ocampo and that the Lease Contract therefore should not be given any significance cannot be given much credence, as it is inconsistent with their oft-reiterated argument that Ocampo violated the very same Lease Contract by subleasing the portions now claimed by private respondents.

We therefore uphold the finding of the Court of Agrarian Relations and the Court of Appeals that private respondents are entitled to security of tenure.

"It appears that the deceased Faustino Ocampo was the civil law-lessee over the landholding in question when the herein plaintiffs were taken in to work on the landholding in question and as such falls within the enumerated persons who could establish tenancy relationship with tillers on the soil. The claim of the latter is substantiated, if not fully founded. While it may be true that there has been voluntary surrender executed by some of the herein plaintiffs for which they have received certain consideration (sic) from the predecessors of Faustino Ocampo, the fact that they were taken anew to work the land when the deceased became the

civil-law-lessee of the land, a new tenancy relationship between the herein plaintiffs (now private respondents) and Ocampo were presumably created. This being so, the herein plaintiffs who happen to be legitimate tenants are entitled to a security of tenure and be maintained in the peaceful possession and cultivation of their respective landholdings until and after their status as tenant[s] has been proven otherwise. Furthermore, even if the defendants [now petitioners] were to claim that they are unaware of the occupancy of the land by the herein tenants on the assumption that the deceased Faustino Ocampo did not report the matter to them, the law is clear on the matter that the successor or the transferee of an agricultural land is bound and subrogated to the rights and obligations of transferor"[12].

We also find apt the observation of the Court of Agrarian Relations that the alleged Agreements ("Picasunduan") executed by private respondents in which they purportedly relinquished possession of their landholdings at petitioners' instance, may not be enforced, as it would contravene the provision in the Code of Agrarian Reforms relative to the security of tenure of tenants[13].

We also note that private respondents have already been listed as farmer beneficiaries of the Land Transfer program of the government, as certified by the Team Office of the Ministry of Agrarian Reform[14]. This fact reaffirms the conclusion of tenancy reached in this case, and strengthens our view that these tillers of the soil are to be respected in the cultivation of their landholdings.

WHEREFORE, petition is DENIED. The appealed decision of the Court of Appeals dated 6 June 1980 is AFFIRMED. This decision is immediately executory.

SO ORDERED.

Yap, C.J., Melencio-Herrera, Paras, and Sarmiento, JJ., concur.

[**] Penned by Justice Rodolfo A. Nocon; Justices Mama D. Busran and Juan A. Sison, concurring.

[***] Written by Judge Cesar V. Alejandria.

[1] Rollo at 3

[2] Id at 4

[3] Id at 21

[4] Id at 7

[5] Id at 9, Exhibit 11, Original Records at 374-375.

[6] Id at 5

[7] Id at 6-7

[8] 106 Phil. 645, 652 (1959)

[9] Id at 652

[10] 10 SCRA 649 (1964)

[11] Id at 656

[12] Rollo at 118-119

[13] Id at 119

[14] Id at 152-g

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