

ESTEBAN ZARRAGA, PLAINTIFF AND APPELLEE, VS. C. H. SLEEPER, DIRECTOR OF LANDS, AND CHAS. H. WALT, ADMININSTRATOR OF LANDS OF THE INSULAR GOVERNMENT IN THE MUNICIPALITY OF BIÑANG...

G.R. No. 7464. February 14, 1913

Ponente: ARELLANO, C.J.

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ARELLANO, C.J.:

When the Insular Government purchased the Biñang estate, one of those known as the "friar estates," Paulino Samson had been from the time of the friars until then the lessee of a parcel of rural land in said estate.

Esteban Zarraga, as the assignee of Paulino Samson's lease, obtained from C. H. Sleeper, Director of the Bureau of Lands and representative of the Government of the Philippine Islands, a lease of said parcel of land.

This contract was executed on December 19, 1905, though effective from November 1 of the same year, for a term of one year from date and a rental price of \$5 United States currency, or its equivalent in Philippine currency, per quarter, payable by the lessee at the expiration of each quarter.

On November 25, 1907, Paulino Samson filed a complaint with the justice of the peace of Binang, wherein he alleged that Esteban Zarraga had simulated a deed of sale of his leasehold over the parcel of land in question and thereby obtained from the Director of Lands a contract of lease by virtue of which Zarraga was occupying the said parcel of land; that the complainant had applied to the administrator of the estate in the said pueblo of Biñang, protesting against such occupation, and that the administrator replied to him that his action in the premises would depend on the judgment rendered in the matter by the court. The justice of the peace court of Binang decided the case in favor of the plaintiff and against the defendant, Esteban Zarraga, both parties being notified of this judgment on December 18, 1907.

In July, 1908, the administrator of the estate refused, Zarraga avers; to accept payment of the rent which the latter offered him and forbade Zarraga to continue cultivating the land.

In that year the administrator of the estate leased the land to Macaria Samson. The justice of the peace had stated to the administrator that the deed of sale executed by Paulino Samson in behalf of Esteban Zarraga was forged and void. Macaria is the daughter of Paulino Samson. She transferred her leasehold rights to Justiniano Jaojoco and the latter in turn conveyed them to Basilio Capunitan, to whom the Government sold the said land, since he was in 1910 the actual tenant thereof.

On December 23, 1909, Zarraga filed a complaint with the Court of First Instance of Laguna, wherein he requested that the court render judgment by ordering the above named C. H. Sleeper and Chas. H. Walt, as, respectively, Director of Lands and administrator of the lands of the Insular Government in the municipality of Biñang, Province of Laguna, to rescind and annul the contract or contracts of lease by them authorized, covenanted, and drawn up, of the land in question to the defendant, Justiniano Jaojoco, as well as his sublease to

Baailio Capunitan; like wise by ordering that the said C. H. Sleeper and Chas. H. Walt grant and again restore to the plaintiff, Esteban Zarraga, through the proper instrument and lease, the possession to said property, on account of his better and preferential right thereto and the absence of legal reasons to justify his ejection and eviction from the said possession; furthermore, by granting to the plaintiff damages to the extent of P500, for the payment of which the defendants, C. H. Sleeper and Chas. H. Walt, be held jointly and severally liable; and, finally, by sentencing all the defendants to pay the costs of the present suit.

In this complaint Macaria Samson was not included, nor was any petition whatever made therein relative to her lease from the Government. Therefore, even though the leases between the Government and Jaojoco and the Government and Capunitan were rescinded, as requested in the complaint, that executed between the Government and Macaria Samson could not be rescinded, as such rescission was not a purpose of the complaint.

The defendants answered the complaint; and the court found as follows:

"First. Esteban Zarraga was the tenant or lawful occupant of the land in question at the time the Government acquired the Bifiang estate, for he had acquired from Paulino Samson all the rights and actions which the latter had to the land as lessee of the friars.

"Second. The character of tenant or occupant with which Esteban Zarraga was vested upon the acquisition of the said estate by the Insular Government has already been recognized by the Government by the fact that he was granted a lease in 1905, he having paid the rents and complied with all the conditions of the contract.

"Third. According to the evidence, Esteban Zarraga was without just cause deprived of the land, in violation of the Philippine Bill and Act No. 1120, and the Director of Lands leased it to Macaria Samson, who transferred her rights therein to Justiniano Jaojoco and this latter in turn to Basilio Capunitan, who acquired by purchase and at present Holds the land in question.

"Fourth. Pursuant to the Philippine Bill and Act No. 1120 of the Philippine Commission, Esteban Zarraga is entitled, not only to be given by the Government a lease on the land in question, but also to buy the same at the price fixed by the Insular Government, that is, for the same price for which it was sold to Basilio Capunitan.

"Fifth. The said Act having been violated, it is evident that the contracts previously made with Macaria Samson by the Director of Lands and the transfer by the former of her rights to Justiniano Jaojoco and by this latter to Basilio Capunitan are and ought to be declared null and void, as likewise the sale made by the Director of Lands, in representation of the Government, to Basilio Capunitan.

"Therefore, the court holds that Esteban Zarraga has preferential right to lease and purchase from the Government the land in question, in accordance with the law, and that the grants made by the Government, through the Director of Lands, to Macaria Samson and Justiniano Jaojoco, and the sale made to Basilio Capunitan, are null and void and contrary to the provisions of the Philippine Bill and Act No. 1120; consequently, it is the sentence of this court that Basilio Capunitan restore the disputed land to Esteban Zarraga, and that the Director of Lands, the defendant, in representation of the Government, sell the said land to the plaintiff Zarraga under the same conditions allowed Capunitan, upon payment of the price paid by the latter, and the plaintiff must comply with the other conditions of the purchase. Capunitan's right to claim from the Government the sums paid is reserved to him.

"The defendants are sentenced jointly and severally to pay the costs of this case."

Such part of the judgment as refers to Macaria Samson must forthwith be set aside as being absolutely null and void, inasmuch as the lease between her and the Government was not a subject of the complaint, nor was she a party to the present suit.

The Constitutional Law for the Philippines and the Act of the Philippine Commission, No. 1120, which are cited

in the third conclusion of the trial court, say, in the parts thereof pertinent to the matter under discussion, quoting first from section 65 of the Philippine Bill or the Act of Congress of July 1, 1902:

"That all lands acquired by virtue of the preceding section shall constitute a part and portion of the public property of the Government of the Philippine Islands, and may be held, sold, and conveyed, or leased temporarily for a period not exceeding three years after their acquisition by said Government on such terms and conditions as it may prescribe, subject to the limitations and conditions provided for in this Act * * *. Actual settlers and occupants at the time said lands are acquired by the Government shall have the preference over all others to lease, purchase, or acquire their holdings within such reasonable time as may be determined by said Government."

And Act No. 1120:

"SEC. 7. Upon the vesting of titles to said lands in the Government of the Philippine Islands * * * the Chief of the Bureau of Public Lands shall ascertain the names and residences of the actual, bona fide settlers and occupants then in possession of said lands or of any portion of them. * * *

"Sec. 8. In case any occupant in possession does not desire to purchase his holding, but does desire to lease the same, then it shall be the duty of the Chief of the Bureau of Public Lands, after vesting of title, to see that such occupant attorns in due form to the Government and enters into a lease with the usual covenants and agrees to pay a reasonable rental for the use and occupation of his holding. Such rental shall be fixed by the Chief of the Bureau of Public Lands, but in no instance shall any lease be made for a longer term than three years."

On December 19, 1905, Esteban Zarraga entered into a lease with C. H. Sleeper, the Director of Lands and representative of the Government of the Philippine Islands. He sets forth that the Government of the Philippine Islands is the absolute owner of a property known as the Biñang Estate, and he, "recognizing the said facts and right, declares that he was one of the occupants of the aforementioned estate on the date of its acquisition by the Government of the Philippine Islands and that he occupied and occupies a parcel of the same situated in the barrio of Calaboso," the extent and boundaries, etc., whereof are conjectural. Mr. Sleeper, in his capacity of agent, leases to Esteban Zarraga the parcel of land described "for the term of one year from the 1st of November, 1905, at a rental of \$5, United States currency, or its equivalent in Philippine currency, quarterly, which rental the lessee shall pay to him upon the expiration, etc.," as hereinbefore stated. Esteban Zarraga "accepts the conditions contained in the preceding clause * * *, expressly waives the right of prior notice of ejectment and, among other things, the right mentioned in article 1566 of the Civil Code—that is, to a tacit renewal of the lease, since this contract can in no wise be understood to be extended beyond the term stipulated in the preceding clauses."

The actual and legitimate occupant of this parcel of land was Paulino Samson, as Zarraga himself has proved, and Mr. Sleeper should have leased it to Paulino Samson for the reason that the latter enjoyed a preferential right to the land; but Zarraga having shown an instrument apparently executed in November, 1901, wherein it appeared that Paulino Samson had sold him the said parcel of land, Zarraga was permitted by the Bureau of Public Lands to exercise the preferential rights in the lease which the law granted to Samson. That is how Zarraga entered upon the estate as the lessee of the parcel in question.

This lease from the Bureau of Lands with Zarraga was to terminate on November 1, 1906.

Zarraga, during the trial, ratified the terms and conditions of his lease, as hereinbefore set forth. He stated that Paulino Samson was the owner of the parcel in question and that what he, Zarraga, had purchased was the right of possession, Samson continuing to hold the property; but he finally stated, clearly, that Samson was nothing more than "a lessee of the friars." He testified that when that deed of sale was made in his favor, two other children of Paulino Samson had died and that only Macaria Samson survived.

Charles H. Walt testified that Zarraga continued in the lease until the expiration of his contract; that the justice of the peace of Binang told witness that he had decided a suit between Paulino Samson and Esteban Zarraga in the former's favor because the instrument of purchase and sale between them had been forged and was void; and that subsequently, after the death of Paulino Samson, the land was leased to his daughter, Macaria Samson. Then the provincial fiscal, in representation of C. H. Sleeper, presented in evidence the lease between the Government and Zarraga, which the latter had presented as one of his proofs. The provincial fiscal called attention to the clause wherein it was stipulated by the parties thereto that the contract should be for the term of one year, beginning with November 1, 1905, and Zarraga's counsel offered no objection whatever to the admission of that claim. Thereupon the witness, Walt, added that Macaria Samson transferred the lease to Justiniano Joajoco; that then, at the time of his testimony, the land had already been sold by the Government to Basilio Capunitan; and that the property had been adjudicated to Macaria Samson, not only because of the suit had and as a result of the judgment rendered by the justice of the peace court of Binang, but also for other reasons, after a careful investigation made by the inspector, Gore, whom witness served as interpreter. This investigation took place in 1908, and the judgment of the justice of the peace court of Binang was rendered in 1907.

During the trial the parties agreed "that the right of lease which Macaria Samson held over this land was transferred to the defendant Justiniano Joajoco, who in turn conveyed the same to the other defendant, Basilio Capunitan, who purchased the property from the Government and is now in possession thereof."

All the other evidence, rather prolix, taken with reference to whether Paulino Samson had or had not signed the instrument of purchase and sale, declared to be false and void by the justice of the peace court of Binang, and whether the contract was really one of sale or of antichresis, has absolutely no bearing on this case. Be that contract whatever it may, and whether or not it was signed by Paulino Samson, the only facts to be taken into account in the decision of this suit are that Paulino Samson was but a mere lessee of the said land, not the holder in any manner of the right of ownership, or of possession, or of any other right except to use of the land, which is the right granted in the lease.

The conclusions drawn from the facts thus stated are: (1) That the document presented by Esteban Zarraga produced the effect which he had intended; and whether rightly or fraudulently, it now means nothing unless, in the latter case, perhaps against Zarraga; (2) that the first lessee of the land was Esteban Zarraga, whose preferential right the Government recognized, as substitute of Paulino Samson, toward whom he was obligated to continue the lease in the capacity of tenant or occupant of the land at the time of its acquisition, and thus was satisfied the right, whether of Paulino Samson or of Esteban Zarraga, to continue in the tenancy of the land when the Government became the owner of the estate; (3) that the lease with Zarraga was for the term of one year, which had expired on November 1, 1906, without his being vested with the right, on account of his express waiver of the same, to continue holding the land for a longer period under color of a tacit renewal of the lease; and (4) that at the expiration of the term of one year, when the Government was free to contract a new lease, and Paulino Samson had, moreover, died, it did so with his only legitimate daughter, Macaria Samson.

In view of these conclusions, it cannot be conceived what possible injury the Government can have caused to Esteban Zarraga to have warranted him to bring¹ this wholly improper suit, to say nothing of what he has to do with Paulino Samson by reason of that contract, whether one of sale or of antichresis, which involves concepts of dominium utile, right of possession and others, such as that of lease of the dominium directum or property right in rem, which notions Zarraga deduced from that contract and injected into his complaint and which were all destroyed by his own hand upon his exhibiting¹ as his proof the receipts issued to Paulino Samson by the administrator of the estate during the time of its previous owner, all of which receipts show no other cause of indebtedness nor right to collect than "on account of his lease."

Such conclusions reached by us show that those specified in the judgment appealed from as the third, fourth, and fifth are absolutely devoid of foundation in fact and in law: the third, in so far as it says "Esteban Zarraga was without just cause deprived of the land, in violation of the Philippine Bill and Act No. 1120 of the Commission, and the Director of Lands gave it under lease to Macaria Samson;" the fourth, in so far as it affirms that "pursuant to the Philippine Bill and Act No. 1120, Esteban Zarraga is entitled, not only to be given by the Government a lease on the land in question, but also to buy the same at the price fixed; and the fifth, in so far as it is inferred that all the contracts of lease entered into with Macaria Samson, Justiniano Jaojoco, and Basilio Capunitan are null and void, as well also as the sale made by the Government to Basilio Capunitan.

One method of terminating a lease is the expiration of the stipulated term. (Civil Code, art. 1569.) It is for this reason that a term is agreed upon in the contract. If the term of the lease with Zarraga, according to the evidence, expired on November 1, 1906, its expiration was sufficient reason for making another contract with Macaria Samson, the execution of which was no violation of the Philippine Bill or of Act No. 1120 of the Philippine Commission. Neither of these statutes prescribes that at the expiration of the term of a lease the lessee must still continue in the use of the land.

Neither is there any provision whatever in either of those laws which vests the first lessee of any land of the "friar estates" with perpetual right to lease the same. The right of preference to lease and to purchase is to be exercised "within such reasonable time as may be determined by the Government of the Philippine Islands." (Act of Congress of July 1, 1902, sec. 65.) By reason of that preferential right, Zarraga was accorded the reasonable period of one year; hence he was able to be the first lessee, as he was the tenant or occupant of the land in lieu of Paulino Samson, and if he had, within this reasonable period, made use of his right to purchase, it surely could not but have been recognized, by virtue of the said legal provision, and the land in question would have been sold to him; however, as he was not the lessee on November 1, 1907, he was not entitled to preference in the purchase, nor in any matter in connection with the said land, nor even to the right of bidding for a second or subsequent lease of the same land. Herein perhaps lies the error incurred in the judgment, by holding that when the "friar estates" were acquired by the Government, the settlers or occupants of parcels thereof acquired in perpetuum the right to cultivate the same under lease—a meaning unauthorized by either the letter or the spirit of the Philippine Bill and Act No. 1120 of the Philippine Commission.

For the foregoing reasons, the judgment appealed from is reversed and the defendants are hereby absolved from the complaint, with the costs of the first instance against the plaintiff, and without special finding with respect to those of this instance.

Torres, Mapa, Johnson, Moreland, and Trent, JJ., concur.

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