

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
FIRST DIVISION**

**MANUEL V. GALLEGO ET AL.,
*Petitioners,***

-versus-

**G.R. No. L-1868
March 17, 1949**

**KAPISANAN TIMBULAN NG MGA
MANGGAGAWA,**

Respondent.

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DECISION

PERFECTO, J.:

Respondent filed with the Court of Industrial Relations a complaint alleging that it is an organization of tenants and farm laborers duly registered in accordance with law counting with more than 1,200 members who are tenants of petitioners Manuel Gallego, Manuel Alzate, Victor de los Reyes, Emilio Veloso, Consuelo de los Santos de Barcelona and Jose Mariano de Santos, owners of haciendas situated in the municipalities of Nampicuan and Cuyapo, Nueva Ecija, and that petitioners “had, by means of threat, intimidation, fraud and deceit, taken advantage of the ignorance of their tenants, forced tenants represented by petitioners (herein respondents) to enter into contracts of tenancy the provisions of which are against existing laws and public policy,” and that the non-immediate settlement or

arbitration of the controversy “will cause or likely cause an agrarian disorder among the peasantry not only in the places involved in the complaint but in all other places where general discontent and social unrest prevail among the tenants who feel they have long been cheated of the benefits provided for them in the tenancy law.”

Complainants prayed that the contracts be declared repugnant to the spirit and the provisions of the Philippine Rice Share Tenancy Act (No. 4054, as amended), and null and void; that with intervention of the court other tenancy contracts be executed embodying substantially the provisions of said law and that, pending the disposition of the case, an order be entered restraining the herein petitioners from ejecting any of their tenants except for just cause or causes and with the previous approval and consent of the court.

Herein petitioners moved for the dismissal of the complaint upon four grounds: One, lack of original jurisdiction; two, lack of cause of action; three, lack of legal capacity to sue; four, defect of both parties plaintiff and defendant. On August 29, 1947, the lower court denied the motion to dismiss. On September 6, 1947, motion for reconsideration was filed, which was denied on November 6, 1947.

Petitioners seek the reversal of the action taken by the Court of Industrial Relations in refusing to dismiss the complaint. Four errors are attributed by petitioners to the lower court. We will consider them in the order they are presented in the brief.

I

“The Court of Industrial Relations erred in holding that it has jurisdiction over the subject matter of the action.” In support of this proposition, petitioners invoked the provisions of Section 1 of Commonwealth Act No. 103, as amended by Commonwealth Acts Nos. 254 and 559 and Section 1 of Commonwealth Act No. 461, both reading as follows:

“SECTION 1. Jurisdiction — Judges. — There is created a Court of Industrial Relations hereinafter called the court, which shall have Jurisdiction over the entire Philippines, to consider, investigate, decide, and settle all

questions, matters, controversies, or disputes arising between, and/or affecting employers and employees or laborers, and landlords and tenants or farm-laborers, and regulate the relation between them subject to the provisions of this Act.

“The Court shall also have jurisdiction over cases submitted to it under the provisions of Commonwealth Act Numbered Four hundred and sixty-one.” (As amended by Commonwealth Acts Nos. 254 and 559.)

“SECTION 1. Any agreement or provision of law to the contrary notwithstanding, in all cases where land is held under any system of tenancy the tenant shall not be dispossessed of the land cultivated by him except for any of the causes mentioned in Section nineteen of Act Numbered Four thousand and fifty-four or for any just cause, and without the approval of a representative of the Department of Justice duly authorized for the purpose. The Department of Justice is likewise, charged with the duty of enforcing all the laws, orders and regulations relating to any system of tenancy and it may issue such orders as may be necessary in pursuance thereof, such as, with respect to the liquidation of the crop, the division thereof, and the apportionment of the expenses. Should landowner or the tenant feel aggrieved by the action taken by the Department of Justice under the authority herein granted, or in the event of any dispute between them arising out of their relationship as landowner and tenant, either party may appeal within fifteen days from the receipt of notice of the action taken by the Department of Justice, or resort, as the case may be, to the Court of Industrial Relations which is given jurisdiction to determine the controversy in accordance with law. The filing of an appeal shall stay execution of the action appealed from unless the Court of Industrial Relations shall, for special reason, order the immediate execution thereof upon the filing of a supersedeas bond.”

Petitioners contend that although the Court of Industrial Relations is vested with jurisdiction to determine any dispute or controversy arising from the relationship between tenant and landowner, respondent's action is one for nullity of contracts and it is not one arising from the relationship of petitioners as landlords and respondent as tenants. The controversy must be brought, according to petitioners, before a court of general jurisdiction.

Respondent's complaint alleges that their members are tenants of petitioners who, by means of threat, intimidation, fraud and deceit, taking advantage of the ignorance of the tenants, forced them to enter into contracts the provisions of which are against existing laws and public policy, and that the non-settlement of the controversy arising therefrom will cause an agrarian disorder among the peasantry. This allegation is enough to place the controversy within the purview of Section 1 of Commonwealth Act No. 103, as amended. The allegation states a controversy between respondent, as tenants, and petitioners, as landlords. The fact that the nullity of tenancy contracts is involved, does not place the controversy beyond the jurisdiction of the Court of Industrial Relations. The jurisdiction provided in Section 1 of Commonwealth Act No. 103, as amended, includes "all questions, matters, controversies, or disputes between landlords and tenants or farm laborers," without any exception or limitation as to their nature and, therefore, also includes questions involving the nullity of contracts.

II

"The Court of Industrial Relations erred in holding that the action is not one for nullity of contracts." Whether or not the controversy involves a nullity of contracts is immaterial in view of the conclusion on petitioners' first assignment of error.

III

"The Court of Industrial Relations erred in holding that respondent has legal capacity to sue for the annulment of contract of its members." In support of this assignment of error,

petitioners invoked the provisions of Section 2 of Rule 3 and Articles 1302 and 1257 of the Civil Code which read:

“SEC. 2. Parties in interest. — Every action must be prosecuted in the name of the real party in interest.”

“ART. 1302. The action to annul a contract may be brought by any person principally or subsidiarily bound thereby. Persons sui juris cannot, however, avail themselves of the incapacity of those with whom they contracted; neither can the person who caused the intimidation or violence, employed the deceit, or induced the error, base his action on these defects of the contract.

“ART. 1257. Contracts shall be binding only upon the parties who make them and their heirs, excepting, with respect to the latter, cases in which the rights and obligations arising from the contract are not transmissible, either in consequence of their nature, or by agreement, or by provision of law.

“Should the contract contain any stipulation in favor of a third person, he may demand its fulfillment, provided he has given notice of his acceptance to the person bound before the stipulation has been revoked.”

Respondent's allegation to the effect that the complaining tenants are members of respondent Kapisanan Timbulan ng mga Manggagawa, a labor organization duly registered in accordance with law, is enough to give said organization legal personality for purposes of filing the complaint with the Court of Industrial Relations. Section 2 of Commonwealth Act No. 2113 provides:

“SEC. 2. All associations which are duly organized and registered with, and permitted to operate by, the Department of Labor, shall have the right to collective bargaining with employers for the purpose of seeking better working hours for laborers, and, in general, to promote the material, social and moral well-being of their

members, and no labor organization shall be denied such registration and permission to operate, except such whose object is to undermine and destroy the constituted government or to violate any law or laws of the Philippines, in which case it shall be refused registration and permission to operate as a legitimate labor organization. The registration of, and the issuance of a permit to, any legitimate labor organization shall entitle it to all the rights and privileges granted by law.”

The foregoing provision is in line with the modern trend of the law in recognizing the personality of labor unions to represent their members before the constituted authorities. The existence of labor unions is a necessary development of the industrial revolution and is recognized as one of the effective means by which laborers may obtain protection to their rights and privileges, social justice within an economic set-up dominated by capitalism, and vindicate the laborer’s just claims to human dignity and his due share in the benefits accruing in the interplay of the modern social system of production, distribution and consumption.

IV

“The Court of Industrial Relations erred in holding that respondent has the right of collective bargaining in matters relating to rice tenancy.”

Sections 8 and 22 of Act No. 4054, as amended by Republic Act No. 34, invoked by petitioners to show that respondent has no occasion or necessity for collective bargaining read as follows:

“SEC. 8. Share Basis. — In the absence of any written agreement to the contrary and when the tenant furnishes the necessary implements and the work animals and defrays all the expenses for planting and cultivation of the land, the crop shall be divided as follows: the tenant shall receive seventy per cent of the net produce of the land and the landlord thirty per cent, for first-class land, the normal production of which, based on the average yield

for the three preceding years, is more than forty cavans of palay per one cavan of seeds; seventy-five per cent for the tenant and twenty-five per cent for the landlord, in case of land the average normal production of which is not more than forty cavans of palay per one cavan of seeds. If the landlord furnishes the necessary work animals and farm implements and, likewise, bears all the expenses of planting and cultivation, the landlord shall receive seventy per cent and the tenant thirty per cent of the crop; but if the landlord furnishes the necessary work animals and farm implements and bears equally with the tenant the expenses of planting and cultivation, the crop shall be divided equally between the parties.

“Expenses for harvesting and threshing shall be deducted from the gross produce. Expenses for the maintenance of irrigation systems within the respective areas shall be for the account of the tenant, but amortizations for the cost of construction of the system itself shall be for the account of the landlord. The expenses for construction and maintenance of privately owned irrigation systems shall be agreed upon between the landlord and tenant, but in case of disagreement, all expenses for the construction of the system shall be for the account of the landlord, provided that the cost of constructing the distributing canals shall be for the account of the tenant.

“The division shall be made in the same place where the crop has been threshed and each party shall transport his share to his warehouse, unless the contrary is stipulated by the parties.

“SEC. 22. Lot for dwelling. — The tenant shall be entitled to construct a dwelling on the land cultivated by him, if he chooses, and once a dwelling is constructed, he shall be entitled to a sized residential lot of not less than six hundred square meters, but not exceeding one thousand square meters in area, depending upon the availability of suitable land and the area cultivated by the tenant belonging to the landowner, the same to be

devoted to the purposes of a garden, poultry and such other minor industries as may be necessary for his livelihood, the products of which shall accrue to the tenants exclusively; Provided, That the tenants shall be given forty-five days within which to remove his house from the land of the landlord in the event of the cancellation of the contract of tenancy for any reason: Provided, further, That in case he fails to devote the lot allotted to him for the purpose herein mentioned for a period of six months, it shall revert to the cultivation of palay.”

Petitioners argue that what a labor organization may do for its tenant members has already been provided for by these provisions of law and that the landowner, whether he likes it or not, has to comply therewith and the tenant cannot ask for more than that provided by law.

The argument has no merit in view of the very fact that the Kapisanan Timbulan ng mga Manggagawa complains that the tenancy contracts in question are against existing laws and public policy and repugnant to the spirit and provisions of the Philippine Rice Share Tenancy Act No. 4054, as amended. Petitioners’ allegation that the landowner has to comply with the provisions of said Act is a mere theory that cannot prevail against the specific charge that said law is being violated; and it is an intolerable injustice to deprive the members of respondent labor organization of the proper remedy by denying to the latter the right to collective bargaining and to go to the Court of Industrial Relations on behalf of its members.

Moran, C.J., Paras, Feria, Pablo, Bengzon, Briones, Tuason and Reyes, JJ., concur.