CHANROBLES PUBLISHING COMPANY

SUPREME COURT
FIRST DIVISION

RAFAEL GELOS,
***Petitioner*,**

-versus-

G.R. No. 86186
May 8, 1992

THE HONORABLE COURT OF APPEALS and ERNESTO ALZONA,
***Respondents*.**
x----------x

D E C I S I O N

CRUZ, *J.*:

The Court is asked to determine the real status of the petitioner, who claims to be a tenant of the private respondent and entitled to the benefits of tenancy laws. The private respondent objects, contending that the petitioner is only a hired laborer whose right to occupy the subject land ended with the termination of their contract of employment.

The subject land is a 25,000 square meter farmland situated in Cabuyao, Laguna, and belonging originally to private respondent Ernesto Alzona and his parents in equal shares. On July 5, 1970, they entered into a written contract with petitioner Rafael Gelos employing him as their laborer on the land at the stipulated daily

wage of P5.00.[1] On September 4, 1973, after Alzona had bought his parents' share and acquired full ownership of the land, he wrote Gelos to inform him of the termination of his services and to demand that he vacate the property. Gelos refused and continued working on the land.

On October 1, 1973, Gelos went to the Court of Agrarian Relations and asked for the fixing of the agricultural lease rental on the property. He later withdrew the case and went to the Ministry of Agrarian Reform, which granted his petition. For his part, Alzona filed a complaint for illegal detainer against Gelos in the Municipal Court of Cabuyao, but this action was declared "not proper for trial" by the Ministry of Agrarian Reform because of the existence of a tenancy relationship between the parties. Alzona was rebuffed for the same reason when he sought the assistance of the Ministry of Labor and later when he filed a complaint with the Court of Agrarian Relations for a declaration of non-tenancy and damages against Gelos. On appeal to the Office of the President, however, the complaint was declared proper for trial and so de-archived and reinstated.

After hearing, the Regional Trial Court of San Pablo City (which had taken over the Court of Agrarian Relations under BP 129) rendered a decision dated April 21, 1987, dismissing the complaint.[2] It found Gelos to be a tenant of the subject property and entitled to remain thereon as such. The plaintiff was also held liable in attorney's fees and costs.

The decision was subsequently reversed by the Court of Appeals. In its judgment promulgated on November 25, 1988,[3] it held that Gelos was not a tenant of the land in question and ordered him to surrender it to Alzona. He was also held liable for the payment of P10,000.00 as attorney's fees and the costs of the suit.

The basic question the petitioner now raises before the Court is essentially factual and therefore not proper in a petition for review under Rule 45 of the Rules of Court. Only questions of law may be raised in this kind of proceeding. The settled rule is that the factual findings of the Court of Appeals are conclusive on even this Court as long as they are supported by substantial evidence. The petitioner has

not shown that his case comes under any of those rare exceptions when such findings may be validly reversed by this Court.

It is true that in Talavera vs. Court of Appeals,[4] we held that a factual conclusion made by the trial court that a person is a tenant farmer, if it is supported by the minimum evidence demanded by law, is final and conclusive and cannot be reversed by the appellate tribunals except for compelling reasons. In the case at bar, however, we find with the respondent court that there was such a compelling reason. A careful examination of the record reveals that, indeed, the trial court misappreciated the facts when it ruled that the petitioner was a tenant of the private respondent.

The circumstance that the findings of the respondent court do not concur with those of the trial court does not, of course, call for automatic reversal of the appellate court. Precisely, the function of the appellate court is to review and, if warranted, reverse the findings of the trial court. Disagreement between the two courts merely calls on us to make a specially careful study of their respective decisions to determine which of them should be preferred as more conformable to the facts at hand.

The Court has made this careful study and will sustain the decision of the respondent court.

The contract of employment dated July 5, 1970, written in Tagalog and entitled "Kasunduan ng Upahang Araw," reads pertinently as follows:

1. Ang Unang Panig ay siyang may-ari at nagtatangkilik ng isang lagay na lupa, sinasaka, na tumatayo sa Nayon ng Baclaran, Cabuyao, Laguna, na siyang gagawa at sasaka sa lupa, samantalang ang Ikalawang Panig ay magiging upahan at katulong sa paggawa ng lupa.

2. Ang Unang Panig ay gustong ipagpatuloy ang pagbubungkal at paggawa ng bukid na binabanggit sa itaas at ang Ikalawang Panig ay may ibig na magpaupa sa paggawa sa halagang P5.00 sa bawat araw, walong oras na trabaho gaya ng mga sumsunod: Patubigan ng

linang; pagpapahalabas ng mga pilapil; pagpapaaldabis sa unang araw ng pag-aararo; pagpapalinis ng damo sa ibabaw ng pilapil; pagpapakamot (unang pagpapasuyod), pagpapahalang at pagpapabalasaw (ikalawa't ikatlong pagpapasuyod); isang tao sa pagsasabog ng abono una sa pagpapantay ng linang; bago magtanim; isang tao sa pagaalaga ng dapog; upa sa isang tao ng magbobomba ng gamot laban sa pagkapit ng mga kulisap (mayroon at wala); sa nag-we-weeder; upa sa mga tao na maggagamas at magpapatubig ng palay; magsasapaw ng mga pilapil at iba pa.

3. Ang Unang Panig at ang Ikalawang Panig ay nagkasundo na ang huli ay gagawa sa bukid ayon sa nabanggit sa itaas bilang katulong at upahan lamang. Ang Unang Panig bukod sa sila ang gagawa at magsasaka ay maaaring umupa ng iba pang tao manggagawa sa upahang umiiral sang-ayon sa batas katulad ng pag-aararo, pagpapahulip, pagpapagamas, pagbobomba, pagweweeder, pagsasabog ng abono, pagbobomba ng gamot, pagpapatubig at iba pang mga gawain. Maaaring alisin ang Ikalawang Panig sa pagpapatrabaho sa ano mang oras ng Unang Panig.

4. Ipinatatanto ng Ikalawang Panig na siya ay hindi kasama sa bukid kundi upahan lamang na binabayaran sa bawa't araw ng kanyang paggawa sa bukid na nabanggit.

It is noted that the agreement provides that "ang Ikalawang Panig (meaning Gelos) ay may ibig na magpaupa sa paggawa sa halagang P5.00 sa bawa't araw, walong oras na trabaho" (The Second Party desires to lease his services at the rate of P5.00 per day, eight hours of work) and that 'Ipinatatanto ng Ikalawang Panig na siya ay hindi kasama sa bukid kundi upahan lamang na binabayaran sa bawa't araw ng kanyang paggawa sa bukid na nabanggit." (The Second Party makes it known that he

> is not a farm tenant but only a hired laborer who is paid for every day of work on the said farm.)

These stipulations clearly indicate that the parties did not enter into a tendency agreement but only a contract of employment. The agreement is a lease of services, not of the land in dispute. This intention is quite consistent with the undisputed fact that three days before that agreement was concluded, the former tenant of the land, Laocadio Punongbayan, had executed an instrument in which he voluntarily surrendered his tenancy rights to the private respondent.[5] It also clearly demonstrates that, contrary to the petitioner's contention, Alzona intended to cultivate the land himself instead of placing it again under tenancy.

The petitioner would now disavow the agreement, but his protestations are less than convincing. His wife's testimony that he is illiterate is belied by his own testimony to the contrary in another proceeding.[6] Her claim that they were tricked into signing the agreement does not stand up against the testimony of Atty. Santos Pampolina, who declared under his oath as a witness (and as an attorney and officer of the court) that he explained the meaning of the document to Gelos, who even read it himself before signing it.[7] Atty. Pampolina said the agreement was not notarized because his commission as notary public was good only for Manila and did not cover Laguna, where the document was executed.[8] At any rate, the lack of notarization did not adversely affect the veracity and effectiveness of the agreement, which, significantly, Gelos and his wife do not deny having signed.

Gelos points to the specific tasks mentioned in the agreement and suggests that they are the work of a tenant and not of a mere hired laborer. Not so. The work specified is not peculiar to tenancy. What a tenant may do may also be done by a hired laborer working under the direction of the landowner, as in the case at bar. It is not the nature of the work involved but the intention of the parties that determines the relationship between them.

As this Court has stressed in a number of cases,[9] "tenancy is not a purely factual relationship dependent on what the alleged tenant does upon the land. It is also a legal relationship. The intent of the parties, the understanding when the farmer is installed, and as in this case, their written agreements, provided these are complied with and are not contrary to law, are even more important."

Gelos presented receipts[10] for fertilizer and pesticides he allegedly bought and applied to the land of the private respondent, but the latter insists that it was his brother who bought them, being an agriculturist and in charge of the technical aspect of the farm. Moreover, the receipts do not indicate to which particular landholding the fertilizers would be applied and, as pointed out by the private respondent, could refer to the other parcels of land which Gelos was tenanting.

The petitioner's payment of irrigation fees from 1980 to 1985 to the National Irrigation Administration on the said landholding is explained by the fact that during the pendency of the CAR case, the Agrarian Reform Office fixed a provisional leasehold rental after a preliminary finding that Gelos was the tenant of the private respondent. As such, it was he who had to pay the irrigation fees. Incidentally, Section 12, subpar. (r) of PD 946 provides that the Secretary's determination of the tenancy relationship is only preliminary and cannot be conclusive on the lower court.

It is noteworthy that, except for the self-serving testimony of the petitioner's wife, the records of this case are bereft of evidence regarding the sharing of harvest between Gelos and Alzona. No less importantly, as the Court of Appeals observed, the petitioner has not shown that he paid rentals on the subject property from 1970 to 1973, before their dispute arose.

A tenant is defined under Section 5(a) of Republic Act No. 1199 as a person who himself and with the aid available from within his immediate farm household cultivates the land belonging to or possessed by another, with the latter's consent, for purposes of production, sharing the produce with the landholder under

> the share tenancy system, or paying to the landholder a price-certain or ascertainable in produce or in money or both, under the leasehold tenancy system. (Emphasis supplied)

For this relationship to exist, it is necessary that: 1) the parties are the landowner and the tenant; 2) the subject is agricultural land; 3) there is consent; 4) the purpose is agricultural production; 5) there is personal cultivation; and 6) there is sharing of harvest or payment of rental. In the absence of any of these requisites, an occupant of a parcel of land, or a cultivator thereof, or planter thereon, cannot qualify as a de jure tenant.[11]

On the other hand, the indications of an employer-employee relationship are: 1) the selection and engagement of the employee; 2) the payment of wages; 3) the power of dismissal; and 4) the power to control the employee's conduct - although the latter is the most important element.[12]

According to a well-known authority on the subject,[13] tenancy relationship is distinguished from farm employer-farm worker relationship in that: "In farm employer-farm worker relationship, 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 tenancy relationship, it is the landowner who is the lessor, and the tenant the lessee of agricultural land. The agricultural worker 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 tenant derives his income from the agricultural produce or harvest."

The private respondent, instead of receiving payment of rentals or sharing in the produce of the land, paid the petitioner lump sums for specific kinds of work on the subject lot or gave him vales, or advance payment of his wages as laborer thereon. The petitioner's wife claims that Alzona made her husband sign the invoices all at one time because he allegedly needed them to reduce his income taxes. Even assuming this to be true, we do not think that made the said payments fictitious, especially so since the petitioner never denied having received them.

The other issue raised by the petitioner, which is decidedly legal, is easily resolved. There being no tenancy relationship, the contention that the private respondent's complaint has prescribed under Section 38 of R.A. 3844 must also fail. That section is not applicable. It must be noted that at the very outset, Alzona rejected the petitioner's claim of agricultural tenancy and immediately instituted his action for unlawful detainer in accordance with Section 1, Rule 70 of the Rules of Court. As it happened, the said case was held not proper for trial by the Ministry of Agrarian Reform. He then resorted to other remedies just so he could recover possession of his land and, finally, in 1979, he yielded to the jurisdiction of the defunct Court of Agrarian Relations by filing there an action for declaration of non-tenancy. The action, which was commenced in 1979. was within the ten-year prescriptive period provided under Article 1144 of the Civil Code for actions based on a written contract.[**]

The Court quotes with approval the following acute observations made by Justice Alicia Sempio-Diy:

> It might not be amiss to state at this juncture that in deciding this case in favor of defendant, the lower court might have been greatly influenced by the fact that defendant is a mere farmer who is almost illiterate while plaintiff is an educated landlord, such that it had felt that it was its duty to be vigilant for the protection of defendant's interests. But the duty of the court to protect the weak and the underprivileged should not be carried out to such an extent as to deny justice to the landowner whenever truth and justice happen to be on his side. Besides, defendant's economic position vis a vis the plaintiff does not necessarily make him the underprivileged party in this case, for as testified by plaintiff which defendant never denied, the small land in question was the only landholding of plaintiff when he and his father bought the same, at which time he was just a lowly employee who did not even have a house of his own and his father, a mere farmer, while defendant was the agricultural tenant of another piece of land and also owns his own house, a sari-sari store, and a caritela. Plaintiff also surmised that it was only after defendant had been taken into its wings by the Federation of Free Farmers that he started claiming to be plaintiff's agricultural tenant, presumably upon the Federation's

> instigation and advice. And we cannot discount this possibility indeed, considering that during the early stages of the proceedings in this case, defendant even counter-proposed to plaintiff that he would surrender the land in question to the latter if plaintiff would convey to him another piece of land adjacent to the land in question, almost one ha. in area, that plaintiff had also acquired after buying the land in question, showing that defendant was not as ignorant as he would want the Court to believe and had the advice of people knowledgeable on agrarian matters.

This Court has stressed more than once that social justice — or any justice for that matter — is for the deserving, whether he be a millionaire in his mansion or a pauper in his hovel. It is true that, in case of reasonable doubt, we are called upon to tilt the balance in favor of the poor, to whom the Constitution fittingly extends its sympathy and compassion. But never is it justified to prefer the poor simply because they are poor, or to reject the rich simply because they are rich, for justice must always be served, for poor and rich alike, according to the mandate of the law.

WHEREFORE, the challenged Decision of the Court of Appeals is **AFFIRMED** and the Petition is **DENIED**, with costs against the petitioner. It is so ordered.

Narvasa, *C.J.*, Griño-Aquino, Medialdea and Bellosillo, *JJ.*, concur.

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[1] Exhibit "D".
[2] Rollo, p. 16; penned by Judge Clemente M. Soriano.
[3] Ibid., p. 21; penned by Sempio-Diy, J., with Herrera and Francisco. JJ., concurring.
[4] 182 SCRA 778.
[5] Exhibit "C."
[6] TSN, July 22, 1986, pp. 10-13.
[7] TSN, January 23, 1985, pp. 13-15; 37-38.
[8] Ibid., pp. 21, 32.
[9] Gonzales, Jr. vs. Alvarez, 182 SCRA 15; See also Magno-Adamos vs. Bagasao, 162 SCRA 747; Tuazon vs. CA, 118 SCRA 484.
[10] Exhibits "2" and "2-A" to "2-H."

[11] Baranda vs. Baguio, 189 SCRA 194; Prudential Bank vs. Hon. Filomeno Capultos, 181 SCRA 159; Caballes vs. Department of Agrarian Reform, 168 SCRA 247.

[12] Deferia vs. NLRC, 194 SCRA 525; Singer Sewing Machine Co. vs. Hon. Drilon, 193 SCRA 270; Brotherhood Labor Unity Movement in the Philippines vs. Zamora, 147 SCRA 49.

[13] Alcantara, Philippine Labor and Social Legislation Annotated, Vol. 1, 1991 Revised Edition, p. 47 citing De Los Reyes vs. Espineli, et al., 30 SCRA 574.

[**] Not Article 555 as cited by the appealed decision.

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