TENANCY

When relationship of tenant and landlord exists; illegal stipulations in a contract of tenancy.

FACTS: Petitioner was respondent's lessee up to the end of the year 1949. At the beginning of the agricultural year 1949-50 he was allowed by the respondent to work and cultivate temporarily the same land until petitioner sign a tenancy contract. Petitioner refused to sign the contract on the ground that the terms and conditions contained therein are unfair and contrary to law. Respondent sought to eject petitioner whereupon the latter filed a complaint in the CIR. The CIR ruled in favor of petitioner, hence this appeal. Respondent contends that the relationship of lessee and lessor had already expired in 1949 and since petitioner refused to sign the tenancy contract he has no longer any right to stay and work on said land.

HELD: The judicial character of the relationship between the appellant and the appellee should not be determined by the term used to describe such relationship, that is, lessor and lessee. If the tenant is to work and cultivate the land himself and the harvest or produce is to be divided on proportional basis, the contract comes within the purview and scope of Act No. 4054. And it being admitted by the appellant that he had allowed the appellee to work and cultivate temporarily the land until the contract of share tenancy be signed by the latter, the contract of share tenancy should not be deemed to have terminated and the continuation or the expiration of such contract would depend upon whether the appellee was justified in refusing to sign the contract of share tenancy profered to him by the appellant.

Petitioner's refusal is justified because a stipulation in a contract of tenancy that the tenant shall bear the cost of seedlings is contrary to law. The law provides that such expenses should be borne equally by landlord and tenant. Likewise a stipulation that the tenant shall bear the expenses of transportation of landlord's share to the latter's barn or if none to the nearest provincial or municipal road is contrary to law because Section 8 of Act 4054 as amended provides that

the division shall be made in the place where the crop has been threshed and each party shall transport his share to his warehouse except when the tenant agrees to transport to such place. (PATERNO JAPITANA *vs.* MANUEL V. HECHANOVA, G. R. No. L-4089, Jan. 31, 1952.)

Jurisdiction of Justice Department over Action for Rescission of Tenancy Contract; C.A. No. 461 not unconstitutional.

FACTS: An action for the rescission of a tenancy contract was brought in the CFI. The court *motu proprio* dismissed the case for lack of jurisdiction on the theory that an action for the rescission of a tenancy contract should be disposed of by the Dept. of Justice in accordance with Com. Act 461 as amended by Rep. Act 44. This order is now appealed on the ground that the lower court erred in holding that it had no jurisdiction over the case inasmuch as there were damages and water rights involved, and on the theory that Com. Act 461 and Rep. Act 44 are unconstitutional.

HELD: An action for the rescission of a tenancy contract comes within the jurisdiction of the Dept. of Justice for the action, if successful, would exclude the tenant from the land which they had a right to till under the contract. And the fact that the question of damages and water rights are involved does not take the case out of the jurisdiction of the Dept. of Justice. Com. Act 461 as amended conferring such jurisdiction upon the Dept. of Justice is not unconstitutional because Congress has the power to define, prescribe, and apportion the jurisdiction of the various courts. (CASIANO DE LA CRUZ ET AL. *vs.* JACOB CAPALONGAN ET AL., G. R. No. L-4206, Jan. 31, 1952.)

Tenancy Contracts; where a situation involves an old and pre-existing tenant, he cannot be forced to alter the existing share agreement.

FACTS: VP (respondent) filed in the CIR a complaint against SP and 68 others (petitioners herein) alleging that the latter are his tenants who had refused to agree to and sign the contract of rice tenancy proposed by VP providing for a 45-55 sharing ratio, and praying that said tenants be ordered ejected if they insist in their refusal.

The petitioners have long been tenants of the land and their sharing agreement had always been in the 70-30 ratio since R.A.

No. 34 was approved on Sept. 30, 1946, until the complaint was filed by VP who took over the land under petitioners' tenancy as lessee of the owner.

HELD: Where a situation involves an old and pre-existing tenant, he cannot be forced to alter the existing share agreement, unless we are to authorize an indirect way of easing out the tenant without one of the just causes specified in the Rice Share Tenancy Law. If any change is desirable in the sharing ratio, the initiative and decision should lie with the tenant. The law, in enumerating expressly certain sharing ratios (Sec. 8, R. A. No. 34), is presumed to have taken into account the fact that the landlord is thereby to receive a fair return from his land and any investment thereon.

Sec. 16, of the Rice Share Tenancy Law conferring upon the landlord the prerogative of management, must be interpreted to cover details other than the choice of the sharing ratio. (SATURNINO PINEDA ET AL. *vs.* VIDAL PINGUL & CIR, G. R. No. L-5565, Sept. 30, 1952.)

Ejectment of tenants; fraud or breach of trust.

FACTS: Respondents (landlords) seek authorization to eject the petitioner (tenant) on the ground that the latter, without respondents' consent converted one hectare of coconut land into palay land and kept for himself all the produce thereof.

HELD: In view of the admission that the coconut trees on the coconut land have never been cut or removed and that the ptitioner merely planted rice on the spaces between the trees, no conversion actually took place. The existence of the coconut trees on the land preserves its character as coconut land. While the petitioner failed to obtain the previous consent of the respondents to the planting of palay on the spaces, this may be attributed to an honest misconception of the law or to a misunderstanding of his tenancy relations that led him to believe in good faith that he could raise palay on said spaces as a side crop.

There is no sufficient ground for the ouster of the petitioner, although he should be prohibited from hereafter planting palay on the coconut land without first obtaining the consent of the respondents. (BERNARDINO MELENCIO *vs.* THE COURT OF INDUSTRIAL RELATIONS ET ALS., G. R. No. L-4286, April 30, 1952.)

TAXATION

Taxation: Tax delinquency; effect of sale at public auction of delinquent properties under C. A. No. 470.

There being no substantial difference between the provisions of C. A. No. 470 and Act No. 82, regarding the remedies for the collection of delinquent taxes, the ruling in the case of Government *vs.* Adriano, 41 Phil. 117, to the effect that a purchaser at a tax delinquency sale cannot claim any better title than that of his predecessor is applicable to the sale of real estate for non-payment of real estate tax under C. A. No. 470. (THE DIRECTOR OF LANDS *vs.* ZACARIAS LIM ET AL., G. R. No. L-4372, April 30, 1952.)

Taxation: Surplus property; imposter.

Where entity purchased goods from instrumentalities of the U. S. government in the Philippines, it is deemed an imposter and liable to compensating tax. (Sec. 190, Commonwealth Act No. 466, Sec. 1248 Revised Administrative Code applied.) (P.M.P. NAVIGATION Co. *vs.* B. MEER, G. R. No. L-4621, March 24, 1952.)

Taxation: Exemption; salvaged property; Republic Act No. 361 *applied.*

Where vessels, their equipment and/or appurtenances were salvaged on or before June 9, 1949, they are exempt from compensating tax. (P.M.P. NAVIGATION Co. *vs.* B. MEER, G. R. No. L-4621, March 24, 1952.)

Taxation: Meaning of "gross receipts" in franchise granted to Phil. Long Distance Telephone Co.; Act No. 3436 (1928), *as amended by C. A. No.* 407, *and Act No.* 1368 *of the Phil. Commission* (1905), *Sections* 4 *and* 5.

FACTS: Plaintiff Co. is a corporation organized and carrying on business under a special franchise granted by the Phil. Legislature, Act No. 3436 approved on Nov. 28, 1928, as amended by C. A. No. 407, and under the franchise contained in Act No. 1369 of