

THIRD DIVISION

[G.R. No. 164912, June 18, 2008]

**PAG-ASA FISHPOND CORPORATION, PETITIONER, VS.
BERNARDO JIMENEZ, ROBERT BELENBOUGH, LEONARD
MIJARES, EDUARDO JIMENEZ, JOSE CRUZ, ELIZALDE EDQUIBAL,
DOMINADOR ELGINCOLIN AND GERONIMO DARILAG,
RESPONDENTS.**

DECISION

REYES, R.T., J.:

FOCUS of this petition is the long-term effect of hiring by a civil law lessee of fishpond farmworkers with right to share in the fish harvests.

May karapatan bang manatili ang mga nasabing manggagawa kahit tapos na ang kontrata ng kumuha sa kanila sa may-ari ng palaisdaan?

Wala. Ito ang sagot namin sa katanungan sa kasong ito.

For Our review on *certiorari* is the Decision^[1] of the Court of Appeals (CA) affirming that^[2] of the Department of Agrarian Reform Adjudication Board (DARAB) in an action for maintenance of peaceful possession of a forty-hectare portion of a fishpond situated in Masinloc, Zambales.

The Facts

Petitioner PAG-ASA Fishpond Corporation is the owner of a 95.6123-hectare fishpond and saltbed situated at the Municipality of Masinloc, Province of Zambales. It is covered by Transfer Certificate of Title (TCT) No. T-1747 issued by the Register of Deeds of Zambales. On May 1, 1989, petitioner leased the subject fishpond to David Jimenez and Noel Hilario. The lease agreement, in full, provides:

CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENT:

This Contract of Lease made and entered into this 27th day of April, 1989 by and between:

PAG-ASA FISHPOND CORPORATION, a corporation duly organized and existing in accordance with the laws of the Philippines, with principal office and business address at 465 A. Flores St., Ermita, Manila, herein represented by its President, Mr. SEGUNDO SEANGIO, of legal age, married, Filipino and with postal address at 465 A. Flores St., Ermita,

Manila, herein known as the LESSOR;

- A N D -

DAVID JIMENEZ, of legal age, married to Pascuala Ramos Jimenez, Filipino and residing at 1173 Paco, Obando, Bulacan and Noel Hilario, of legal age, married to Teresita Santiago Hilario, Filipino and residence of Lawa, Obando, Bulacan, herein known as the LESSEES.

W I T N E S S E T H

WHEREAS, the Lessor is the registered and absolute owner of a Real Property, more particularly described as follows, to wit:

CERTIFICATE TITLE NO. T-1747
REGISTER OF DEEDS
PROVINCE OF ZAMBALES

A PARCEL OF LAND CONTAINING AN AREA OF NINETY-FIVE HECTARES, SIXTY-ONE ACRES AND TWENTY-THREE CENTARES SITUATED IN THE BARRIO OF STO. ROSARIO, MASINLOC, ZAMBALES.

WHEREAS, the Lessor has granted and the Lessees have accepted a lease of the above-described property under the terms and conditions hereinafter provided;

NOW, THEREFORE, for and in consideration of the above premises and in consideration of the terms and conditions hereinafter specified the parties herein do hereby agree and stipulate as follows:

1. The terms of this lease shall be five (5) years effective May 1, 1989 and shall terminate on May 1, 1994 and is not renewable after said term unless renewed in writing by both parties;
2. The Lessees have agreed to lease five (5) lots of fishponds, one nursery pond, all the 331 saltbeds and the "*Paalatan*" located within the described property under Certificate Titles No. T-1747;
3. The lease does not include the bodega located within the leased premises which is to be used exclusively by the Lessor unless with written approval of the Lessor, the Lessee may share in the use of the bodega;
4. The Lessees shall make a deposit of ONE HUNDRED THOUSAND PESOS (P100,000.00) Philippine Currency upon signing of this Contract of Lease. Said deposit is without interest and shall answer for any unpaid rental of the Lessees at the termination of this lease, penalties or any liabilities which may incur during the effectivity of this Contract. The Lessees cannot apply the aforesaid deposit as rental payment before the cancellation, termination or expiration of

this agreement;

5. The Lessees shall pay to the Lessor immediately upon signing of this Contract the amount of THREE HUNDRED FIFTY THOUSAND PESOS (P350,000.00), Philippine Currency as rental for the year May 1, 1989 to May 1, 1990. This payment is not refundable and will be forfeited in the event the Lessees cancel this Contract of Lease prior to May 1, 1990;
6. The Lessees shall pay to the Lessor the yearly advance rental in Philippine Currency at the office of the Lessor which shall be due and payable on or before the 1st of March of every year for five (5) years without the necessity of express demand, therefore it being understood that in case of default of said Lessees in the payment of the said rental if and when the same becomes due and payable, the amount of rental owing shall bear interest at the rate of twenty-four percent (24%) per annum, to be computed daily from the date of such default until fully paid, payment of such interest to be considered as a penalty by reason of such default, without prejudice to the right of the owner to terminate this Contract and eject the Lessees, as hereinafter set forth;

That the Schedule of Payment of the annual lease cash payment of rentals are as follows:

- a) May 1, 1989 or upon signing of this Contract of Lease:
P350,000.00 rental for May 1, 1989 to May 1, 1990
- b) March 1, 1990 ... P400,000.00 rental for May 1, 1990 to May 1, 1991;
- c) March 1, 1991 ... P440,000.00 rental of May 1, 1991 to May 1, 1992;
- d) March 1, 1992 ... P484,000.00 rental of May 1, 1992 to May 1, 1993;
- e) March 1, 1993 ... P532,400.00 rental of May 1, 1994;

The Lessees shall in addition to the cash rental referred to the above, pay to the Lessor Seven Thousand (7,000) cavans of salt measured at four (4) tin cans, size of four gallons of 16 liters per can, per cavan yearly, starting the year 1990 up to and including the year 1994. The Lessees shall deliver the aforesaid salt to the Lessor from the time the Lessees commences to harvest salt, provided that the 7,000 cavans should already be delivered to the Lessor by the end of the harvest season in May of a particular year. In the event that the Lessees cannot or fail to deliver the 7,000 cavans of salt in full or in part, the Lessees are obliged to pay whatever

difference in cash at the prevailing market value at the end of harvest in May of a particular year;

7. That the personal character and integrity of the Lessees and the nature of the occupancy of the leased property as above restricted are special considerations and inducements for granting this lease by the Lessor; consequently, the Lessees shall not sub-let the property, nor allow any person, firm or corporation to occupy the same in whole or in part, nor shall the Lessees assign in whole or in part any of their right under this Contract and no right or interest thereto or therein shall be conferred on or vested in anyone by the Lessees, either by operation of law or otherwise;
8. Failure on the part of the Lessees to pay within its stipulated due period or failure to observe any of the conditions of this Agreement, shall entitle the Lessor to terminate this Agreement immediately and to forfeit the deposit of One Hundred Thousand Pesos (P100,000.00) and demand that the Lessees vacate the leased property;
9. In the event that the Lessees shall elect to terminate this Agreement before its expiration, the One Hundred Thousand Pesos (P100,000.00) deposit will be forfeited in favor of the Lessor;
10. The Lessees shall at their own expense, improve and develop the aforesaid fishponds and to keep up and maintain in good repair and condition all fences, dikes, saltbeds and other improvements existing thereon by (a) raising and keeping the elevation of the "*pilapil*" inside the fishpond to 1 1/2 meters high and 2 meters height to the "*pilapil*" constituting the boundary of the fishponds and those fronting the river and a width of 2 meters for all the "*pilapil*"; (b) to repair all the 331 saltbeds with "*tisa*" and wooden division saltbeds; (c) to clean and clear the whole area of the leased premises by removing all the bushes, weeds and cogons, provided, moreover, that the Lessees are obliged to maintain throughout the effectivity of this Lease, the said elevation and cleanliness of the leased premises. The Lessees shall make improvements not less than 25% every year and thereafter for the duration of this contract. That all the improvements and development made by the Lessees shall after the expiration of this Lease belong to the Lessor.

In the event that the Lessees shall fail and/or refuse to make the aforesaid improvements and/or clean the leased premises as herein provided, the Lessor shall have the right to cancel and terminate this Agreement without prejudice to the right of the Lessor or itself make the required improvements, and cleaning and utilizing for said purpose, the deposit of P100,000.00 in which event, the Lessor is obliged to notify the Lessees of said use, and the amount so used within

fifteen (15) days from said notice, the Lessees shall be obliged to replenish the said amount of deposit of P100,000.00. Failure of the

Lessees to replenish the said amount shall entitle the Lessor to cancel or terminate this Agreement;

11. Except as heretofore stipulated on, the Lessees are prohibited from using the property or portion thereof for any other purpose except as fishpond or saltbeds and from subleasing the property herein lease, or any other portion thereof, or from assigning their rights under this Contract of Lease, or mortgaging or otherwise encumbering the same, without the express written consent of the Lessor;
12. That the Contract of Lease between the Lessor and the Lessees is entirely a civil lease of a fishpond and not in any manner to be construed or misunderstood to be agrarian in nature and extent. Labor disputes and wages regarding hired workers or laborers of the Lessees in the operation and maintenance of the Lease, shall not be the responsibility of the Lessor, including any claim pertaining to labor problems but the Lessees will be held solely liable for the settlement and/or payment of the wages and claims;
13. The Lessor shall be solely liable for the payment of only the realty taxes on the leased premises while the Lessees shall answer and be liable for the payment of the fees for business licenses and permits and other business taxes be due to the government from the operation of fishponds and saltbeds;
14. The Lessor, through its authorized representative, is entitled to make an inspection of the leased premises at any time during the day time;
15. In the event, the Lessees cancel or terminate this Contract of Lease on their own volition prior to May 1, 1994, they are not entitled to any refund of any rentals already paid by them to the Lessor, as well as to the deposit;
16. Upon the termination, expiration or cancellation of this Contract of Lease, the Lessor shall automatically take possession of the leased premises and the Lessees shall, without need of any demand and without any need of court action, vacate the premises and surrender possession thereof to the Lessor, including the improvements shall appertaining complete ownership to the Lessor, upon the introduction of the said improvements;
17. In the event that the Lessees violated and/or fail to refuse to abide by and comply with the terms and conditions of this Agreement or failure to pay within its stipulated due period, the deposit of the Lessees in the amount of P100,000.00 shall be forfeited in favor of the Lessor and the latter shall have the right to cancel and terminate this Contract immediately and to secure from the Court a writ of execution or other order for the enforcement of the terms hereof against the Lessees, all expenses including sheriff's fees, incurred by the Lessor for securing said writ or/and for enforcing