

SECOND DIVISION

[G.R. No. 134431, December 01, 2000]

**DAVAO ABACA PLANTATION COMPANY, INC. PETITIONER, VS.
DOLE PHILIPPINES, INC., RESPONDENT.**

D E C I S I O N

BUENA, J.:

On March 15, 1995, petitioner Davao Abaca Plantation Company, Inc. [DAPCO for brevity] brought a complaint in the Regional Trial Court of Manila against respondent DOLE Philippines, Inc.[DOLE], which reads:

"PLAINTIFF, through undersigned counsel, most respectfully avers that:

"ALLEGATIONS COMMON TO ALL CAUSES OF ACTION

"1. Plaintiff Davao Abaca Plantation Company, Inc. (DAPCO) is a corporation organized and existing under Philippine law with principal offices at 5-N Legaspi Towers 300, 2600 Roxas Boulevard, Manila;

"2. Defendant DOLE Philippines, Inc. (DOLE) is a corporation organized and existing under Philippine law with principal offices at 14th Floor, B.A. Lepanto Building, Paseo de Roxas, City of Makati, where it may be served with summons and other processes;

"3. DAPCO is the owner of the land located in the Municipality of Carmen, Province of Davao, covered by Original Certificate of Title No. P-1920 with an area of 1,023.81 hectares, more or less;

"4. DOLE or its predecessor in interest has been the lessee of the property since 1969 and has used the land for growing export quality bananas;

"5. On November 28, 1985, two (2) Lease Agreements (hereinafter `1985 Lease Agreements'), one covering 839 hectares and the other 165 hectares or a total of 1,004 hectares were executed. The lease period for both contracts was ten (10) years from February 7, 1984 to February 7, 1994 renewable for another six (6) years at the sole option of DOLE. It was also agreed that if no agreement is reached by

the parties on the rental or other terms and conditions of the lease at the end of the original period, DOLE shall be automatically granted a grace period of two (2) years viz., until February 7, 1996 within which to wind up its operations on the land. Copies of the 1985 Lease Agreements are attached and made part hereof as Annexes 'A' and 'B';

"6. After the Comprehensive Agrarian Reform Law (CARL) took effect in 1988, the Department of Agrarian Reform (DAR) deferred subjecting the land to CARL coverage but later reversed itself. Nevertheless, CARL precludes early coverage of private land leased, held or possessed by multinational corporations such as DOLE;

"7. On December 9, 1992, DOLE exercised its sole option and renewed the lease up to December 31, 2000 pursuant to paragraph 1 of the 1985 Lease Agreements. A copy of DOLE's letter to DAPCO, hereinafter referred to as 'Lease Renewal Agreement' is attached and made part hereof as Annex 'C';

"8. Since DOLE had rights under the Lease Renewal Agreement which had to be represented or protected in the DAR proceeding, DAPCO formally requested DOLE to intervene in the said proceeding in a letter of December 27, 1993;

"9. DOLE replied to DAPCO by letter dated January 28, 1994 that it chose not to intervene in the DAR proceeding because: (1) '(s)uch intervention or participation is unnecessary because the CARL itself (section 8, 4th par.) grants DOLE (Stanfilco) a 10-year CARL deferment by providing that DOLE's lease with DAPCO (Inc.) shall be respected until its valid termination'; (2) 'DOLE's (Stanfilco) right to deferment is already fully protected by Section 8, 4th par. of the CARL, and, accordingly, it does not need the deferment allowed under Section 11 of the same law. Indeed, Section 72 of the CARL mandates that DOLE's (Stanfilco) rights under the renewed/extended lease contracts with DAPCO, Inc. should be respected whatever happens'; and (3) the DAR proceeding between DAPCO and another party cannot prejudice the rights and privileges of DOLE under the lease renewal agreement since DOLE is not a party thereto;

"DOLE in the letter further underscored the obligatory force of the contracts between the parties until December 31, 2000 and assured that DOLE will honor and 'faithfully comply in good faith with our contracts and other obligations.' x x x

"x x x

x x

x

x x x

"13. On January 6, 1995, DOLE wrote DAPCO asking the latter for its intentions regarding the lease agreements in view

of the pendency of proceedings subjecting the leased area to
CARL. x x x

"14. On January 18, 1995, DAPCO replied to DOLE that it would honor and defend the lease agreements and emphasized that by DOLE's own representation, DOLE chose not to be a party to the DAR proceeding, in order that it could not be bound by any decision rendered by DAR. DAPCO demanded that DOLE abide with the lease contracts, pay base rental and make an accounting of the production for 1994 so that the base rental can be computed. Under the agreements, the rental for 1995 was to paid(sic) on or before January 15, 1995. x x x

"15. In an apparent attempt to cover up its own wrongdoings as will be shown hereafter, DOLE, in a letter dated January 25, 1995, answered DAPCO claiming that: `the acts of the Government of the Republic of the Philippines in implementing R.A. 6657 are already fait accompli'; that `Government's complete taking of the leased premises and distribution of the same to ARB association made it legally impossible for DAPCO, Inc. to perform its obligation to maintain the lessee in peaceful and adequate enjoyment of the things leased; and that the actions of the Government amount to *caso fortuito*'. DOLE further stated that `STANFILCO's obligation to pay DAPCO, Inc. the rentals stipulated in the Lease Agreements ceased xxx.' x x x

"16. DOLE's letter surprised DAPCO because it represented a total reversal of DOLE's former legal position, promises, representations, written and other assurances of contractual fidelity to DAPCO;

"x x x

x x

x

x x x

"PRAYER

"WHEREFORE, it is respectfully prayed that a temporary restraining order be immediately issued ex-parte, restraining DOLE and/or any of its duly authorized representatives wherever situated from doing the following acts: (a) dealing or continuing with any contractual arrangements with SEARBAI or others over the properties leased from DAPCO; (b) claiming ownership and/or exercising right of possession over the improvements belonging to DAPCO under the contracts; and (c) utilizing and enjoying DAPCO's land and the improvements thereon, particularly but not limited to standing crops and the fruits thereof, and for this purpose ordering DOLE to direct its duly authorized representatives in the leased area to comply with the restraining order; and after notice and hearing, a preliminary injunction issue restraining DOLE from dealing or continuing