SUPREME COURT
FIRST DIVISION

MARCIANA ALARCON, ERENCIO AUSTRIA, JUAN BONIFACIO, PETRONILA DELA CRUZ, RUFINA DELA CRUZ, CELESTINO LEGASPI, JOSE MAYONDAG and DAVID SANTOS,
***Petitioners*,**

-versus-

G.R. No. 152085
July 8, 2003

HONORABLE COURT OF APPEALS and PASCUAL AND SANTOS, INC.,
***Respondents*.**
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D E C I S I O N

YNARES-SANTIAGO, *J.*:

Before us is a Petition for Review on *Certiorari* seeking to set aside the decision dated September 28, 2001 of the Court of Appeals in CA-G.R. SP No. 63680,[1] which reversed the decision dated January 10, 2001 of the Department of Agrarian Reform Adjudication Board (DARAB).

The facts are undisputed.

Respondent corporation, Pascual and Santos, Inc., is the owner of several saltbeds with an area of 4.1763 hectares, situated in Barangay San Dionisio, Manuyo, Parañaque. In 1950, it instituted petitioners as tenants of the saltbeds under a fifty-fifty share tenancy agreement.

The harmonious tenurial relationship between petitioners and private respondent was interrupted in 1994, when the city government of Parañaque, represented by then Mayor Pablo Olivares, authorized the dumping of garbage on the adjoining lot. The garbage polluted the main source of salt water, which adversely affected salt production on the subject landholding.

Petitioners informed respondent of this development, but it failed to take any step to stop the dumping of garbage on the adjoining lot. This prompted petitioners to file a formal protest with the City Government of Parañaque. However, their complaint was likewise ignored.

Thus petitioners were constrained to file with the Regional Agrarian Reform Adjudicator of Region IV (RARAD-IV) a complaint against respondent and Mayor Pablo Olivares for maintenance of peaceful possession and security of tenure with damages. Subsequently, they amended their complaint to one for damages and disturbance compensation, with prayer for temporary restraining order and injunction. Petitioners invoked Sections 7,[2] 30(1)[3] and 31(1)[4] of Republic Act No. 3844, as amended, otherwise known as the Agricultural Land Reform Code of the Philippines.

On July 28, 1997, Regional Adjudicator Fe Arche-Manalang rendered a decision holding that under Metro Manila Zoning Ordinance No. 81-01, issued in 1981, the subject saltbeds have been reclassified to residential lands. Consequently, the juridical tie between petitioners and respondent was severed, for no tenurial relationship can exist on a land that is no longer agricultural. This notwithstanding, petitioners are entitled to disturbance compensation, pursuant to Section 36, par. 1 of R.A. 3844,[5] as amended.

On the other hand, the Regional Adjudicator held that the DAR had no jurisdiction over the complaint against Mayor Pablo Olivares, and dismissed the same. The dispositive portion of the decision reads:

> WHEREFORE, premises considered, judgment is hereby rendered:
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> 1. Directing the Respondent Pascual and Santos Inc., to pay to each complainant as and by way of disturbance compensation 1,500 cavans of salt or their money equivalent at the prevailing market value;
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> 2. Dismissing all other claims for lack of basis; and
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> 3. Without pronouncement as to costs.
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> SO ORDERED.[6]

On appeal, the DARAB affirmed *in toto* the above decision of the RARAD. Aggrieved, respondent filed a petition for review with the Court of Appeals, which was docketed as CA-G.R. SP No. 63680. On September 28, 2001, the appellate court rendered the assailed judgment reversing the decision of the DARAB,[7] and ordering the dismissal of petitioners' complaint against respondent. Petitioners' motion for reconsideration was denied.

Hence, the instant petition based on the following arguments:

> I
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> THAT A LANDOWNER IS NOT LIABLE TO PAY DISTURBANCE COMPENSATION TO A TENANT ON A MERE RECLASSIFICATION WITHOUT THE ACTIVE PARTICIPATION OF THE LANDOWNER BECAUSE IT WOULD RENDER NUGATORY SECTION 31, PAR. 1 OF RA 3844.

II

> THAT METRO MANILA ZONING ORDINANCE NO. 81-01, SERIES OF 1981, DID NOT EXTINGUISH THE TENURIAL RELATIONSHIP OF LANDLORD AND TENANT AND RECLASSIFICATION OF THE LAND DOES NOT ENTITLE THE TENANTS TO DISTURBANCE COMPENSATION FOR PARTIES CAN CONTINUE WITH THEIR TENURIAL RELATIONS EVEN AFTER RECLASSIFICATION.[8]

At the core of the controversy is the issue of whether or not a mere reclassification of the land from agricultural to residential, without any court action by the landowner to eject or dispossess the tenant, entitles the latter to disturbance compensation.

Before we address the above issue, we need to resolve a procedural issue raised by private respondent regarding the law that must govern the instant case. Is it Republic Act No. 1199, otherwise known as the Agricultural Tenancy Act of the Philippines, which allows a share tenancy system for landlord-tenant relationship, or RA 3844, as amended, which declares share tenancy as contrary to public policy and provides for the automatic conversion of landlord-tenant relationship from agricultural share tenancy to agricultural leasehold? Respondent contends that RA 1199 must govern the instant petition because Section 35 of RA 3844 clearly exempts the saltbeds from leasehold and provides that the provisions of RA 1199 shall govern the consideration as well as the tenancy system prevailing on saltbeds. The said provision reads:

> Section 35. Notwithstanding the provisions of the preceding Sections, in the case of fishponds, saltbeds, and land principally planted to citrus, coconuts, cacao, coffee, durian, and other similar permanent trees at the time of the approval of this Code, the consideration as well as the tenancy system prevailing, shall be governed by the provisions of Republic Act Number Eleven Hundred and Ninety-Nine, as amended.

We do not agree. Section 76 of Republic Act No. 6657, or the Comprehensive Agrarian Reform Law,[9] expressly repealed Section 35 of RA 3844. It therefore abolished the exemption applied to

saltbeds and provided that all tenanted agricultural lands shall be subject to leasehold. Consequently, RA 3844, not RA 1199, must govern the instant petition.

Coming now to the main issue, petitioners argue that they are entitled to disturbance compensation for being dispossessed of their tenancy.

Respondent counters that under Sections 30[10] and 31(1)[11] of RA 3844, a landowner of agricultural land is liable to pay disturbance compensation only when he petitioned the court to eject or dispossess the tenant on the ground that the land has already been reclassified from agricultural to non-agricultural. Without such a petition, he has no obligation to pay disturbance compensation because the mere reclassification of the land does not *ipso facto* extinguish the tenancy relationship between tenant and landowner. Hence, when the subject landholding was reclassified in 1981 by the enactment of Metro Manila Zoning Ordinance No. 81-01, petitioners and private respondent continued with their tenancy relationship. It was only in 1994 that their relationship was disturbed due to the dumping of garbage by the city government, which polluted the source of saltwater.

The petition is devoid of merit.

A tenancy relationship, once established, entitles the tenant to a security of tenure. *(Tanpingco vs. IAC, G.R. No. 76225, 31 March 1992, 207 SCRA 652).* He can only be ejected from the agricultural landholding on grounds provided by law. This is clearly stated in Section 7 of R. A. 3844, which provides:

> SEC. 7. *Tenure of Agricultural Leasehold Relation.* – The agricultural leasehold relation once established shall confer upon the agricultural lessee the right to continue working on the landholding until such leasehold relation is extinguished. The agricultural lessee shall be entitled to security of tenure on his landholding and cannot be ejected therefrom unless authorized by the Court for causes herein provided.

Section 36 provides the different grounds and manner by which a tenant can be lawfully ejected or dispossessed of his landholding. One

of them is the reclassification of the landholding from agricultural to non-agricultural. For purposes of this petition, the pertinent provision of said Section 36 reads:

> SEC. 36. *Possession of Landholding; Exceptions.* – Notwithstanding any agreement as to the period or future surrender of the land, an agricultural lessee shall continue in the enjoyment and possession of his landholding except when his dispossession has been authorized by the Court in a judgment that is final and executory if after due hearing it is shown that:
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> 1. The landholding is declared by the department head upon recommendation of the National Planning Commission to be suited for residential, commercial, industrial or some other urban purposes: *Provided*, That the agricultural lessee shall be entitled to disturbance compensation equivalent to five times the average of the gross harvests on his landholding during the last five preceding calendar years; x x x.

It is clear that a tenant can be lawfully ejected only if there is a court authorization in a judgment that is final and executory and after a hearing where the reclassification of the landholding was duly determined. If the court authorizes the ejectment, the tenant who is dispossessed of his tenancy is entitled to disturbance compensation.

Petitioners argue that the RARAD decision, which was affirmed by the DARAB, was the court judgment required by law.

The argument is not well-taken. The RARAD decision is not yet final and executory. It was made the subject of a petition for review with the Court of Appeals and is pending with this Court.

Petitioners likewise contend that the dispossession of the tenant need not be at the instance of the landowner for him to be entitled to disturbance compensation.

The contention is without merit.

Section 37 of R. A. 3844 expressly imposes on the landowner or agricultural lessor the burden of proof to show the existence of the grounds enumerated in Section 36 thereof. It is settled that one who alleges a fact has the burden of proving it. *(Cortes vs. CA, G.R. No. 121772, January 13, 2003)*. This implies that the action, which resulted in the tenant's dispossession, was commenced by the landowner, who, therefore, has the burden of proof to show the existence of any of the grounds for the ejectment of the tenant.

Moreover, contrary to petitioners' claim, the reclassification of the land is not enough to entitle them to disturbance compensation. The law is clear that court proceedings are indispensable where the reclassification of the landholding is duly determined before ejectment can be effected, which in turn paves the way for the payment of disturbance compensation. As held by the Court of Appeals, the parties can still continue with their tenurial relationship even after such reclassification. In fact, it is undisputed that in this case, the parties continued with their landlord-tenant relationship even after the enactment of Metro Manila Zoning Ordinance No. 81-01. It was only in 1994 when this relationship was interrupted because of the dumping of garbage by the Parañaque City Government. Clearly, it was this latter event which caused petitioner's dispossession, and it would be unfair to oblige respondent to pay compensation for acts it did not commit.

Finally, the case of *Bunye vs. Aquino*,[12] does not apply in the instant case. We allowed the payment of disturbance compensation in the said case because there was an order of conversion issued by the Department of Agrarian Reform of the landholding from agricultural to residential. The decree was never questioned and thus became final. Consequently, the tenants were ejected from the land and were thus awarded disturbance compensation.

In the case at bar, there is no final order of conversion. The subject landholding was merely reclassified. Conversion is different from reclassification. Conversion is the act of changing the current use of a piece of agricultural land into some other use as approved by the Department of Agrarian Reform.[13] Reclassification, on the other

hand, is the act of specifying how agricultural lands shall be utilized for non-agricultural uses such as residential, industrial, commercial, as embodied in the land use plan, subject to the requirements and procedure for land use conversion.[14] Accordingly, a mere reclassification of agricultural land does not automatically allow a landowner to change its use and thus cause the ejectment of the tenants. He has to undergo the process of conversion before he is permitted to use the agricultural land for other purposes.

Since in this case, there is neither a final order of conversion by the DAR nor a court judgment authorizing the tenants' ejectment on the ground of reclassification, as a result of the landowner's court action, there is no legal basis to make respondent liable to pay disturbance compensation. Accordingly, the Court of Appeals committed no error in ordering the dismissal of the complaint before the DARAB.

WHEREFORE, in view of the foregoing disquisitions, the instant petition for review is **DENIED** and the decision dated September 28, 2001 of the Court of Appeals in CA-G.R. SP No. 63680, ordering the dismissal of DARAB Case No. 6408 (Reg. Case No. IV-MM-0083-94), is **AFFIRMED**.

SO ORDERED.

***Davide, Jr., C.J., (Chairman), Vitug, Carpio,* and *Azcuna, JJ.*, concur.**

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[1] Penned by Associate Justice Buenaventura J. Guerrero; concurred in by Associate Justices Eriberto V. Rosario, Jr. and Bienvenido L. Reyes.

[2] SECTION 7. Tenure of Agricultural Leasehold Relation. – The agricultural leasehold relation once established shall confer upon the agricultural lessee the right to continue working on the landholding until such leasehold relation is extinguished. The agricultural lessee shall be entitled to security of tenure on his landholding and cannot be ejected therefrom unless authorized by the Court for causes herein provided.

[3] SECTION 30(1). Obligations of the Agricultural Lessor. – It shall be the obligation of the agricultural lessor:
(1) To keep the agricultural lessee in peaceful possession and cultivation of his landholding; and x x x.

[4] SECTION 31(1). Prohibitions to the Agricultural Lessor. – It shall be unlawful for the agricultural lessor:

(1) To dispossess the agricultural lessee of his landholding except upon authorization by the Court under Section thirty-six. Should the agricultural lessee be dispossessed of his landholding without authorization from the Court, the agricultural lessor shall be liable for damages suffered by the agricultural lessee in addition to the fine or imprisonment prescribed in this Code for unauthorized dispossession.

[5] SECTION 36. Possession of Landholding: Exceptions. – Notwithstanding any agreement as to the period or future surrender of the land, an agricultural lessee shall continue in the enjoyment and possession of his landholding except when his dispossession has been authorized by the Court in a judgment that is final and executory if after due hearing it is shown that:

(1) The landholding is declared by the department head upon recommendation of the National Planning Commission to be suited for residential, commercial, industrial or some other urban purposes:

Provided, That the agricultural lessee shall be entitled to disturbance compensation equivalent to five times the average of the gross harvests on his landholding during the last five preceding calendar years; x x x.

[6] CA Rollo, p. 124.

[7] Id., at 29.

[8] Id., at 8 & 9.

[9] Section 76. Repealing Clause. – Section 35 of Republic Act No. 3844, Presidential Decree No. 316, the last two paragraphs of Section 12 of Presidential Decree No. 946, Presidential Decree No. 1038, and all other laws, decrees, executive orders, rules and regulations, issuances or parts thereof inconsistent with this Act are hereby repealed or amended accordingly.

[10] Section 30. Obligations of the Agricultural Lessor. – It shall be the obligation of the agricultural lessor:

(1) To keep the agricultural lessee in peaceful possession and cultivation of his landholding; and

(2) To keep intact such permanent and useful improvements existing on the landholding at the start of the leasehold relation as irrigation and drainage systems and marketing allotments.

[11] Section 31. Prohibitions to the Agricultural Lessor. – It shall be unlawful for the agricultural lessor:

(1) To dispossess the agricultural lessee of his landholding except upon authorization by the Court under Section thirty-six. Should the agricultural lessee be dispossessed from his landholding without authorization from the Court, the agricultural lessor shall be liable for damages suffered by the agricultural lessee in addition to the fine or imprisonment prescribed in this Code for unauthorized dispossession…

[12] G.R. No. 138979, 9 October 2000, 342 SCRA 360.

[13] Section 2(k) of DAR Administrative Order No. 01-99, Revised Rules and Regulations on the Conversion of Agricultural Lands to Non-Agricultural Uses.
[14] Section 2(R), DAR Administrative Order No. 01-99, Revised Rules and Regulations on the Conversion of Agricultural Lands to Non-Agricultural Uses.