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SECOND DIVISION

[G.R. No. 190276, April 02, 2014]

EUFROCINA NIEVES, AS REPRESENTED BY HER ATTORNEY-IN-FACT, LAZARO VILLAROSA, JR., PETITIONER, VS. ERNESTO DULDULAO AND FELIPE PAJARILLO, RESPONDENTS.

D E C I S I O N

PERLAS-BERNABE, J.:

Assailed in this petition for review on *certiorari*[1] are the Decision[2] dated June 4, 2009 and the Resolution[3] dated November 5, 2009 of the Court of Appeals (CA) in CA-G.R. SP No. 105438 which set aside the Decision[4] dated December 13, 2007 and the Resolution[5] dated March 13, 2008 of the Department of Agrarian Reform Adjudication Board (DARAB) in DARAB Case No. 14727, holding that the tenancy relations between petitioner Eufrocina Nieves (petitioner) and respondents Ernesto Duldulao (Ernesto) and Felipe Pajarillo (Felipe) remain valid and enforceable.

The Facts

Petitioner is the owner of a piece of agricultural rice land with an area of six (6) hectares, more or less, located at Dulong Bayan, Quezon, Nueva Ecija (subject land). Ernesto and Felipe (respondents) are tenants and cultivators of the subject land[6] who are obligated to each pay leasehold rentals of 45 cavans of palay for each cropping season,[7] one in May and the other in December.[8]

Claiming that Ernesto and Felipe failed to pay their leasehold rentals since 1985 which had accumulated to 446.5 and 327 cavans of palay, respectively, petitioner filed a petition on March 8, 2006 before the DARAB Office of the Provincial Adjudicator (PARAD), seeking the ejectment of respondents from the subject land for non-payment of rentals.[9]

Prior to the filing of the case, a mediation was conducted before the Office of the Municipal Agrarian Reform Officer and Legal Division in 2005 where respondents admitted being in default in the payment of leasehold rentals equivalent to 200 and 327 cavans of palay, respectively, and promised to pay the same.[10] Subsequently, however, in his answer to the petition, Ernesto claimed that he merely inherited a portion of the back leasehold rentals from his deceased father, Eugenio Duldulao, but proposed to pay the arrearages in four (4) installments beginning the *dayatan* cropping season in May 2006.[11] On the other hand, Felipe denied incurring any back leasehold rentals, but at the same time proposed to pay whatever there may be in six (6) installments, also beginning the *dayatan* cropping season in May 2006.[12] Both respondents manifested their lack of intention to renege on their

obligations to pay the leasehold rentals due, explaining that the supervening calamities, such as the flashfloods and typhoons that affected the area prevented them from complying.[13]

The PARAD's Ruling

In a Decision[14] dated July 6, 2006, the PARAD declared that the tenancy relations between the parties had been severed by respondents' failure to pay their back leasehold rentals, thereby ordering them to vacate the subject land and fulfill their rent obligations.

With respect to Ernesto, the PARAD did not find merit in his claim that the obligation of his father for back leasehold rentals, amounting to 446 cavans of palay, had been extinguished by his death. It held that upon the death of the leaseholder, the leasehold relationship continues between the agricultural lessor and the surviving spouse or next of kin of the deceased as provided by law; hence, the leasehold rent obligations subsist and should be paid.[15]

As for Felipe, the PARAD found that his unpaid leasehold rentals had accumulated to 327 cavans of palay, and that his refusal to pay was willful and deliberate, warranting his ejectment from the subject land.[16]

Dissatisfied, respondents elevated the case on appeal.

The DARAB Proceedings

On April 16, 2007, the DARAB issued an Order[17] deputizing the DARAB Provincial Sheriff of Nueva Ecija and the Municipal Agrarian Reform Officer of Talavera, Nueva Ecija to supervise the harvest of palay over the subject land. However, when the Sheriff proceeded to implement the same on April 27, 2007, he found that the harvest had been completed and the proceeds therefrom had been used to pay respondents' other indebtedness.[18]

On December 13, 2007, the DARAB issued a Decision[19] affirming the findings of the PARAD that indeed, respondents were remiss in paying their leasehold rentals and that such omission was willful and deliberate, justifying their ejectment from the subject land.[20]

Unperturbed, respondents elevated the matter to the CA.

The CA Ruling

In a Decision[21] dated June 4, 2009, the CA granted respondents' petition for review, thereby reversing the ruling of the DARAB terminating the tenancy relations of the parties. While it found respondents to have been remiss in the payment of their leasehold rentals, it held that the omission was not deliberate or willful. Notwithstanding the DARAB's findings with respect to the amounts of respondents' rental arrearages, the CA gave full credence to their assertions and observed that Felipe failed to pay only 293 cavans of palay or 16.28% of the total leasehold rentals due from 1985 to 2005, while Ernesto failed to pay only 107.5 cavans of palay or

6% of the total leasehold rentals.[22] Relying on the Court's ruling in the case of *De Tanedo v. De La Cruz*[23] (*De Tanedo*), the CA then concluded that respondents substantially complied with their obligation to pay leasehold rentals, and, hence, could not be ejected from the subject land despite their failure to meet their rent obligations as they became due.

Aggrieved, petitioner filed a motion for reconsideration which was, however, denied by the CA in a Resolution[24] dated November 5, 2009, hence this petition.

The Issue Before the Court

The sole issue for the Court's resolution is whether or not the CA correctly reversed the DARAB's ruling ejecting respondents from the subject land.

The Court's Ruling

The petition is meritorious.

Agricultural lessees, being entitled to security of tenure, may be ejected from their landholding only on the grounds provided by law.[25] These grounds – the existence of which is to be proven by the agricultural lessor in a particular case[26] – are enumerated in Section 36 of Republic Act No. (RA) 3844,[27] otherwise known as the "Agricultural Land Reform Code," which read as follows:

> 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:
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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; (as amended by RA 6389)
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> (2) The agricultural lessee failed to substantially comply with any of the terms and conditions of the contract or any of the provisions of this Code unless his failure is caused by fortuitous event or *force majeure*;
>
> (3) The agricultural lessee planted crops or used the landholding for a purpose other than what had been previously agreed upon;
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> (4) The agricultural lessee failed to adopt proven farm practices as determined under paragraph 3 of Section twenty-nine;
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> (5) The land or other substantial permanent improvement thereon is

substantially damaged or destroyed or has unreasonably deteriorated through the fault or negligence of the agricultural lessee;

(6) The agricultural lessee does not pay the lease rental when it falls due: *Provided*, That if the non-payment of the rental shall be due to crop failure to the extent of seventy-five *per centum* as a result of a fortuitous event, the non-payment shall not be a ground for dispossession, although the obligation to pay the rental due that particular crop is not thereby extinguished; or

(7) The lessee employed a sub-lessee on his landholding in violation of the terms of paragraph 2 of Section twenty-seven. (Emphases supplied)

To eject the agricultural lessee for failure to pay the leasehold rentals under item 6 of the above-cited provision, jurisprudence instructs that the same must be **willful and deliberate** in order to warrant the agricultural lessee's dispossession of the land that he tills. As explained in the case of *Sta. Ana v. Spouses Carpo*: [28]

Under Section 37 of Republic Act No. 3844, as amended, coupled with the fact that the respondents are the complainants themselves, the burden of proof to show the existence of a lawful cause for the ejectment of the petitioner as an agricultural lessee rests upon the respondents as agricultural lessors. This proceeds from the principle that a tenancy relationship, once established, entitles the tenant to security of tenure. Petitioner can only be ejected from the agricultural landholding on grounds provided by law. Section 36 of the same law pertinently provides:

> 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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> x x x x
>
> (6) The agricultural lessee does not pay the lease rental when it falls due: *Provided,* That if the non-payment of the rental shall be due to crop failure to the extent of seventy-five per centum as a result of a fortuitous event, the non-payment shall not be a ground for dispossession, although the obligation to pay the rental due that particular crop is not thereby extinguished;
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> x x x x

Respondents failed to discharge such burden. **The agricultural tenant's failure to pay the lease rentals must be willful and deliberate in order to warrant his dispossession of the land that he tills.**

> Petitioner's counsel opines that there appears to be no decision by this Court on the matter; he thus submits that we should use the CA decision in *Cabero v. Caturna.* This is not correct. In an *En Banc* Decision by this Court in *Roxas y Cia v. Cabatuando, et al*.,[29] we held that under our law and jurisprudence, **mere failure of a tenant to pay the landholder's share does not necessarily give the latter the right to eject the former when there is lack of deliberate intent on the part of the tenant to pay**. This ruling has not been overturned.
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> x x x x[30] (Emphases supplied; citations omitted)

In the present case, petitioner seeks the dispossession of respondents from the subject land on the ground of non-payment of leasehold rentals based on item 6, Section 36 of RA 3844. While **respondents indeed admit that they failed to pay the full amount of their respective leasehold rentals as they become due**, they claim that their default was on account of the debilitating effects of calamities like flashfloods and typhoons. This latter assertion is a defense provided under the same provision which, if successfully established, allows the agricultural lessee to retain possession of his landholding. The records of this case are, however, bereft of any showing that the aforestated claim was substantiated by any evidence tending to prove the same. Keeping in mind that **bare allegations, unsubstantiated by evidence, are not equivalent to proof**,[31] the Court cannot therefore lend any credence to respondents' fortuitous event defense.

Respondents' failure to pay leasehold rentals to the landowner also appears to have been willful and deliberate. They, in fact, do not deny – and therefore admit[32] – the landowner's assertion that their rental arrearages have accumulated over a considerable length of time, *i.e.,* from 1985 to 2005 but rely on the fortuitous event defense, which as above-mentioned, cannot herein be sustained. In the case of *Antonio v. Manahan*[33] (*Antonio*), the Court, notwithstanding the tenants' failure to prove their own fortuitous event theory, pronounced that their failure to pay the leasehold rentals was not willful and deliberate. The records in said case showed that the landowner actually rejected the rentals, which amounted only to 2 years-worth of arrearages, *i.e.*, 1993 and 2001, tendered by the tenants therein due to their supposed poor quality. This circumstance was taken by the Court together with the fact that said tenants even exerted efforts to make up for the rejected rentals through the payments made for the other years. In another case, *i.e., Roxas v. Cabatuando*[34] (*Roxas*), the Court similarly held that the tenants therein did not willfully and deliberately fail to pay their leasehold rentals since they had serious doubts as to the legality of their contract with respect to their non-sharing in the coconut produce, which thus prompted them to withhold their remittances in good faith. In contrast to Antonio and Roxas, the landowner in this case never rejected any rental payment duly tendered by respondents or their predecessors-in-interest. Neither was the legality of their agricultural leasehold contract with the landowner ever put into issue so as to intimate that they merely withheld their remittances in good faith. Thus, with the fortuitous event defense taken out of the equation, and considering the examples in Antonio and Roxas whereby the elements of willfulness and deliberateness were not found to have been established, the Court is impelled to agree with the DARAB that respondents herein willfully and deliberately chose not