453 Phil. 373

FIRST DIVISION

[G.R. No. 152085, July 08, 2003]

MARCIANA ALARCON, ERENCIO AUSTRIA, JUAN BONIFACIO, PETRONILA DELA CRUZ, RUFINA DELA CRUZ, CELESTINO LEGASPI, JOSE MAYONDAG AND DAVID SANTOS, PETITIONERS, VS. HONORABLE COURT OF APPEALS AND PASCUAL AND SANTOS, INC., RESPONDENTS.

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:
>
> 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;
>
> 2. Dismissing all other claims for lack of basis;
>
> 3. Without pronouncement as to costs.
>
> 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. 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.[12] He can only be ejected from the agricultural landholding on grounds provided by law. This is clearly stated in Section 7 of RA 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