

ESPIRIDION TANPINGCO, PETITIONER, VS. INTERMEDIATE APPELLATE COURT, AND BENEDICTO HORCA, SR., RESPONDENTS.

G.R. No. 76225. March 31, 1992

Ponente: GUTIERREZ, JR., J.

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GUTIERREZ, JR., J.:

May a tenanted parcel of land be donated by the landowner so that it can be the site of a public high school without securing the consent of the tenant-lessee? Who bears the responsibility of paying disturbance compensation? These are the issues raised in this case.

On May 10, 1985, a complaint for payment of disturbance compensation with damages was filed by petitioner Espiridion Tanpingco against respondent Benedicto Horca, Sr. with the Regional Trial Court of Palo, Leyte.

It is alleged in the complaint that the petitioner is the tenant-lessee in the respondent's parcel of agricultural riceland situated at Brgy. Buenavista, Jaro, Leyte under a leasehold contract entered into sometime in April, 1976; that in a letter dated April 9, 1985, the respondent through his representative informed him to desist from working on the subject land, having already donated the same on February 3, 1985; that the respondent openly ordered the petitioner to vacate the landholding and is determined to oust him from the premises in violation of law; that the petitioner is willing to accept payment of disturbance compensation in an amount computed in accordance with law and in the alternative to remain as tenant-lessee of the subject riceland.

On July 5, 1985, the case was called for pre-trial following which the trial court gave the respondent until July 9, 1985 to file his answer. The respondent filed instead a Motion to Dismiss alleging principally that the complaint states no cause of action because the respondent is not the real party-in-interest having already donated the subject land to the Ministry of Education, Culture and Sports, Region VIII, as a School site of the Buenavista Barangay High School; and that the donation not having in any way benefited the respondent, no disturbance compensation is due the petitioner since under Section 36 (1) of the Agrarian Reform Code as amended, disturbance compensation holds true only in cases wherein the lessor-owner derives financial benefits from the conversion of the agricultural land into non-agricultural purposes.

The trial court granted the respondent's Motion to Dismiss and denied the petitioner's Motion for Reconsideration.

On June 20, 1986, the Intermediate Appellate Court rendered the decision now assailed, the dispositive portion of which reads as follows:

"WHEREFORE, finding no merit in the instant appeal, the same is hereby DISMISSED with costs taxed against the appellant."

From the aforesaid decision, petitioner Esperidion Tanpingco interposed the present petition under the following assignment of errors:

I

Was it proper for the trial court to grant the Motion to Dismiss filed by the defendant inspite of the explicit mandate against such action as contained in Section 17 of P.D. No. 946?

II

Was respondent Court correct in sustaining the validity of the conversion of the subject tenanted riceland into a school site?

III

Was it correct in ruling that a tenant is not entitled to payment of disturbance compensation in case his tenanted landholding is donated and converted into a school site?

Anent the first assignment of error, the petitioner anchors his contention mainly on Section 17 of Presidential Decree No. 946 which provides:

"Section 17. Pleading, Hearing, Limitation on Postponements. - The defendant shall file answer to the complaint (not a motion to dismiss), within a non-extendible period of ten (10) days from service of summons
x x x"

In *Sucaldito and De Guzman v. Hon. Montejo* (193 SCRA 556 [1991]), the Court declared that where the law speaks in clear and categorical language, there is no room for interpretation. However, technicalities may be disregarded in order to resolve the case on its merits. (*Ruiz v. Court of Appeals*, G.R. No. 93454, September 13, 1991 citing *Tesoro v. Mathay*, 185 SCRA 124 [1990]).

On this point, the respondent appellate court noted that:

"The rationale of the rule requiring a defendant in an agrarian case to file an answer and not a motion to dismiss is to expedite the proceedings. The filing of the motion to dismiss and the granting thereof by the lower court based upon indubitable grounds precisely expedited the proceedings and conforms with the spirit and intention of P.D. 946 which requires courts trying agrarian cases to employ every reasonable means to ascertain the facts of every case in accordance with justice and equity without regard to technicalities of law and procedure and empowering the Court to adopt any appropriate measure or procedure in any situation or matter not provided for or covered by the Decree (Section 16, 3rd and 4th sentences, P.D. No. 946)."

We, therefore, take exception to the literal application of Section 17 of P.D. No. 946 for as stated in *Salonga v. Warner Barnes and Co., Ltd.* (88 Phil. 125 [1951]), an action is brought for a practical purpose, nay to obtain actual and positive relief. If the party sued upon is not the proper party, any decision that may be rendered against him would be futile, for it cannot be enforced or executed. The effort that may be employed will be wasted.

Section 2, Rule 3 of the Rules of Court requires that every action must be prosecuted in the name of the real party-in-interest. A corollary proposition to this rule is that an action must be brought against the real party-in-interest, or against a party which may be bound by the judgment to be rendered therein (*Salonga v. Warner Barnes and Co., Ltd.* supra citing *Salmon and Pacific Commercial Co., v. Tan Cuenco*, 36 Phil. 556 [1917]). The real party-in-interest is one who stands to be benefited or be injured by the judgment, or the party entitled to the avails of the suit (*Rebollido v. Court of Appeals*, 170 SCRA 800 [1989] citing *Samahan ng mga Nangungupahan sa Azcarraga Textile Market, Inc., et al. v. Court of Appeals*, 165 SCRA 598 [1988]). If the suit is not brought against the real party-in-interest, a motion to dismiss may be filed on the ground that the complaint states no cause of action (Section 1 (g), Rule 16, Rules of Court).

Hence, the resolution of the dispute hinges upon the determination of whether or not the private respondent is the real party-in-interest against whom the suit should be brought.

The private respondent bolsters his claim that he is not the real party-in-interest on Section 10 of Republic Act No. 3844 (Code of Agrarian Reforms of the Philippines) which provides that:

"x x x In case the agricultural lessor sells, alienates or transfers the legal possession of the landholding, the purchaser or transferee thereof shall be subrogated to the rights and substituted to the obligation of the agricultural lessor."

In effect, the private respondent is of the view that the Ministry of Education, Culture and Sports, as donee, became the new lessor of the agricultural lessee by operation of law and is therefore the real party-in-interest against whom the claim for disturbance compensation should be directed.

We agree with the contentions of the private respondent. The petitioner should have impleaded the Ministry of Education, Culture and Sports as the party-defendant for as stated in *Roman Catholic Archbishop of Manila v. Court of Appeals* (198 SCRA 300 [1991]), a donation, as a mode of acquiring ownership, results in an effective transfer of title over the property from the donor to the donee and once a donation is accepted, the donee becomes the absolute owner of the property donated.

Under Article 428 of the New Civil Code, the owner has the right to dispose of a thing without other limitations than those established by law. As an incident of ownership therefore, there is nothing to prevent a landowner from donating his naked title to the land. However, the new owner must respect the rights of the tenant. Section 7 of R.A. No. 3844, as amended (Code of Agrarian Reforms of the Philippines) gives the agricultural lessee the right to work on the landholding once the leasehold relationship is established. It also entitles him to security of tenure on his landholding. He can only be ejected by the court for cause. Time and again, this Court has guaranteed the continuity and security of tenure of a tenant even in cases of a mere transfer of legal possession. As elucidated in the case of *Bernardo v. Court of Appeals* (168 SCRA 439 [1988]), security of tenure is a legal concession to agricultural lessees which they value as life itself and deprivation of their landholdings is tantamount to deprivation of their only means of livelihood. Also, under Section 10 of the same Act, the law explicitly provides that the leasehold relation is not extinguished by the alienation or transfer of the legal possession of the landholding. The only instances when the agricultural leasehold relationship is extinguished are found in Sections 8, 28 and 36 of the Code of Agrarian Reforms of the Philippines. The donation of the land did not terminate the tenancy relationship. However, the donation itself is valid.

Considering that the tenant in the case at bar is willing to accept payment of disturbance compensation in exchange for his right to cultivate the landholding in question, the real issue is who should pay the compensation. We rule that the Ministry of Education, Culture and Sports as the new owner cannot oust the petitioner from the subject riceland and build a public high school thereon until after there is payment of the disturbance compensation in accordance with Section 36 (1) of R.A. No. 3844, as amended.

In view of the foregoing, we are of the opinion and so hold that the trial court correctly dismissed the complaint for payment of disturbance compensation because the private respondent is not the real party-in-interest. And having arrived at this conclusion, we do not deem it necessary to pass upon the other errors assigned by the petitioner for as stated in *Filamer Christian Institute v. Court of Appeals* (190 SCRA 485 [1990]), a person who was not impleaded in the complaint could not be bound by the decision rendered therein, for no man shall be affected by a proceeding to which he is a stranger. The remedy then of the petitioner is to claim his disturbance compensation from the new owner or whatever agency, local or national, is in a position to pay for it.

WHEREFORE, the petition is hereby DENIED. The decision dated 20 June 1986 of the Intermediate Appellate

Court is AFFIRMED. No pronouncement as to costs.

SO ORDERED.

Bidin, Davide, Jr., and Romero, JJ., concur.

Feliciano, J., on leave.

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