



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

URBANO F. ESTRELLA,
Petitioner,

G.R. No. 209384

Present:

CARPIO, *J.*, Chairperson,
BRION,
DEL CASTILLO,*
MENDOZA, and
LEONEN, *JJ.*

- versus -

PRISCILLA P. FRANCISCO,
Respondent.

Promulgated:

27 JUN 2016

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DECISION

BRION, J.:

This petition for review on *certiorari* seeks to reverse and set aside the **November 28, 2012 resolution**¹ of the Court of Appeals (*CA*) in **CA-G.R. SP No. 121519**.² The *CA* dismissed petitioner Urbano F. Estrella's (*Estrella*) appeal from the Department of Agrarian Reform Adjudication Board's (*DARAB*) **February 23, 2009 decision**³ in **DARAB Case No. 13185** which denied Estrella's right of redemption over an agricultural landholding.

ANTECEDENTS

Lope Cristobal (*Cristobal*) was the owner of a twenty-three thousand nine hundred and thirty-three square meter (23,933 sqm.) parcel of agricultural riceland (*subject landholding*) in *Cacarong Matanda*, Pandi,

* On Leave.

¹ *Rollo*, p. 30.

² Penned by Associate Justice Normandie B. Pizarro and concurred in by Associate Justices Remedios A. Salazar-Fernando and Leoncia R. Dimagiba.

³ *Rollo*, p. 91.

Bulacan, covered by Transfer Certificate of Title (*TCT*) No. T-248106 of the Register of Deeds of Bulacan. Estrella was the registered agricultural tenant-lessee of the subject landholding.

On September 22, 1997, Cristobal sold the subject landholding to respondent Priscilla Francisco (*Francisco*) for five hundred thousand pesos (₱500,000.00),⁴ without notifying Estrella.

Upon discovering the sale, Estrella sent Cristobal a demand letter dated March 31, 1998, for the return of the subject landholding.⁵ He also sent Francisco a similar demand letter dated July 31, 1998. Neither Cristobal nor Francisco responded to Estrella's demands.⁶

On February 12, 2001, Estrella filed a complaint⁷ against Cristobal and Francisco for legal redemption, recovery, and maintenance of peaceful possession before the Office of the Provincial Agrarian Reform Adjudicator (*PARAD*). His complaint was docketed as **DCN. R-03-02-2930'01**.

Estrella alleged that the sale between Cristobal and Francisco was made secretly and in bad faith, in violation of Republic Act No. (*R.A.*) 3844, the Agricultural Land Reform Code (*the Code*).⁸ He insisted that he never waived his rights as a registered tenant over the property and that he was willing to match the sale price. Estrella concluded that as the registered tenant, he is entitled to legally redeem the property from Francisco. He also manifested his ability and willingness to deposit the amount of ₱500,000.00 with the *PARAD* as the redemption price.⁹

Cristobal did not file an answer while Francisco denied all the allegations in the complaint except for the fact of the sale.¹⁰ Francisco claimed that she was an innocent purchaser in good faith because she only bought the property after: (1) Cristobal assured her that there would be no problems regarding the transfer of the property; and (2) Cristobal personally undertook to compensate Estrella. Therefore, Estrella had no cause of action against her.

On June 23, 2002, the *PARAD* rendered its decision recognizing Estrella's right of redemption.¹¹ The *PARAD* found that neither Cristobal nor Francisco notified Estrella in writing of the sale. In the absence of such notice, an agricultural lessee has a right to redeem the landholding from the buyer pursuant to Section 12 of the Code.¹²

⁴ Id. at 45 and 69.

⁵ Id. at 79.

⁶ Id. at 80.

⁷ Id. at 43.

⁸ THE AGRICULTURAL LAND REFORM CODE, R.A. No. 3844 (1963).

⁹ *Rollo*, p. 45.

¹⁰ Id. at 69.

¹¹ Id. at 84.

¹² Id. at 88.

Francisco appealed the PARAD's decision to the DARAB where it was docketed as **DARAB Case No. 13185**.

On February 23, 2009, the DARAB reversed the PARAD's decision and denied Estrella the right of redemption.¹³ Citing Section 12 of the Code as amended, the DARAB held that the right of redemption may be exercised within 180 days from written notice of the sale. Considering that more than three years had lapsed between Estrella's discovery of the sale and his filing of the case for redemption, the DARAB concluded that Estrella slept on his rights and lost the right to redeem the landholding.

Estrella moved for reconsideration but the DARAB denied the motion.

On September 30, 2011, Estrella filed a motion before the CA to declare himself as a pauper litigant and manifested his intention to file a petition for review of the DARAB's decision.¹⁴ He alleged that he was living below the poverty line and did not have sufficient money or property for food, shelter, and other basic necessities.

On October 17, 2011, Estrella filed a petition for review¹⁵ of the DARAB's decision before the CA. The petition was docketed as **CA-G.R. SP No. 121519**.

Estrella emphasized that the purpose of the State in enacting the agrarian reform laws is to protect the welfare of landless farmers and to promote social justice towards establishing ownership over the agricultural land by the tenant-lessees.¹⁶ He insisted that the DARAB erred in denying him the right of redemption based on a technicality and that the redemption period in Sec. 12 of the Code does not apply in his case because neither the lessor nor the vendee notified him in writing of the sale.¹⁷

On November 28, 2012, the CA dismissed Estrella's petition for review for failure to show any reversible error in the DARAB's decision.¹⁸ Estrella received a copy of the CA's resolution on April 10, 2013.¹⁹

On April 11, 2013, Estrella filed a motion for a twenty-day extension of time (or until April 31, 2013) to file his motion for reconsideration of the November 28, 2012 resolution.²⁰

On April 30, 2013, Estrella requested another ten-day extension of time (or until May 9, 2013) to file his motion for reconsideration.²¹

¹³ Id. at 91.

¹⁴ Id. at 9.

¹⁵ Id. at 51.

¹⁶ Id. at 61.

¹⁷ Id. at 62 and 64.

¹⁸ Id. at 30.

¹⁹ Id. at 20.

²⁰ Id. at 20 and 36.

²¹ Id. at 20 and 38.

On May 9, 2013, Estrella filed his Motion for Reconsideration arguing that his right of redemption had not yet prescribed because he was not given written notice of the sale to Francisco.²²

On May 30, 2013, the CA denied Estrella's motions for extension of time, citing the rule that the reglementary period to file a motion for reconsideration is non-extendible.²³ The CA likewise denied Estrella's Motion for Reconsideration.

Hence, the present recourse to this Court.

On August 23, 2013, Estrella filed a motion for extension of time to file his petition for review and a motion to be declared as a pauper litigant.²⁴ We granted both motions on October 13, 2013.

THE PARTIES' ARGUMENTS

Estrella argues that an agricultural tenant's right of redemption over the landholding cannot prescribe when neither the lessor-seller nor the buyer has given him written notice of the sale.

On the other hand, Francisco counters that Estrella failed to make a formal tender of or to consign with the PARAD the redemption price as required in *Quiño v. Court of Appeals*.²⁵ She also questioned the genuineness of Estrella's claim to be a pauper litigant. Francisco points out that a person who claims to be willing to pay the redemption price of ₱500,000.00 is not, by any stretch of the imagination, a pauper.²⁶

OUR RULING

We find no merit in the petition.

The use and ownership of property bears a social function, and all economic agents are expected to contribute to the common good.²⁷ To this end, property ownership and economic activity are always subject to the duty of the State to promote distributive justice and intervene when the common good requires.²⁸

As early as 1973, the Philippines has already declared our goal of emancipating agricultural tenants from the bondage of the soil.²⁹ The State adopts a policy of promoting social justice, establishing owner cultivatorship

²² Id. at 20 and 40.

²³ Id. at 6 and 33.

²⁴ Id. at 2.

²⁵ 353 Phil. 449 (1998).

²⁶ Id. at 100-103.

²⁷ Art. XII, Sec. 6, CONSTITUTION.

²⁸ Id.

²⁹ Art. XIV, Sec. 12, 1973 CONSTITUTION.

of economic-size farms as the basis of Philippine agriculture, and providing a vigorous and systematic land resettlement and redistribution program.³⁰

In pursuit of land reform, the State enacted the *Agricultural Land Reform Code* in 1963. The Code established an agricultural leasehold system that replaced all existing agricultural share tenancy systems at that point.

The existence of an agricultural tenancy relationship between the lessor and the lessee gives the latter rights that attach to the landholding, regardless of whoever may subsequently become its owner.³¹ This strengthens the security of tenure of the tenants and protects them from being dispossessed of the landholding or ejected from their leasehold by the death of either the lessor or of the tenant, the expiration of a term/period in the leasehold contract, or the alienation of the landholding by the lessor.³² If either party dies, the leasehold continues to bind the lessor (or his heirs) in favor of the tenant (or his surviving spouse/descendants). In case the lessor alienates the land, the transferee is subrogated to the rights and substituted to the obligations of the lessor-transferor. The agricultural leasehold subsists, notwithstanding the resulting change in ownership of the landholding, and the lessee's rights are made enforceable against the transferee or other successor-in-interest of the original lessor.

To protect the lessee's security of tenure, the Code grants him the right of pre-emption – the preferential right to buy the landholding under reasonable terms and conditions if ever the agricultural lessor decides to sell it.³³ As an added layer of protection, the Code also grants him the right to redeem the landholding from the vendee in the event that the lessor sells it without the lessee's knowledge.³⁴

Originally, the lessee had a redemption period of two years from registration of the sale:

Sec. 12. *Lessee's Right of Redemption* – In case the landholding is sold to a third person without the knowledge of the agricultural lessee, the latter shall have the right to redeem the same at a reasonable price and consideration: Provided, That the entire landholding sold must be redeemed: Provided, further, That where there are two or more agricultural lessees, each shall be entitled to said right of redemption only to the extent of the area actually cultivated by him. The right of redemption under this Section may be exercised within two years from the registration of the sale, and shall have priority over any other right of legal redemption.³⁵

³⁰ Sec. 2, COMPREHENSIVE AGRARIAN REFORM LAW OF 1988, R.A. No. 6657 (1988); Sec. 2, R.A. No. 6389 (1971).

³¹ Secs. 9 and 10, AGRICULTURAL LAND REFORM CODE. See also *Relucio III v. Macaraig*, 255 Phil. 613, 622 (1989); and *Planters Development Bank v. Garcia*, 513 Phil. 294, 307 (2005).

³² Secs. 9 and 10, AGRICULTURAL LAND REFORM CODE.

³³ Sec. 11, AGRICULTURAL LAND REFORM CODE, as amended.

³⁴ *Id.*, Sec. 12.

³⁵ Sec. 12, AGRICULTURAL LAND REFORM CODE (1963).

In *Padasas v. Court of Appeals*,³⁶ we held that a lessee's actual knowledge of the sale of the landholding is immaterial because the Code specifically and definitively provides that the redemption period must be counted from the registration of the sale. This ruling was subsequently affirmed in *Manuel v. Court of Appeals*.³⁷

In 1971, R.A. 6389 amended Section 12 of the Code and shortened the redemption period:

Sec. 12. *Lessee's right of Redemption.* – In case the landholding is sold to a third person without the knowledge of the agricultural lessee, the latter shall have the right to redeem the same at a reasonable price and consideration: Provided, That where there are two or more agricultural lessees, each shall be entitled to said right of redemption only to the extent of the area actually cultivated by him. The right of redemption under this Section may be exercised **within one hundred eighty days from notice in writing which shall be served by the vendee on all lessees affected and the Department of Agrarian Reform upon the registration of the sale**, and shall have priority over any other right of legal redemption. The redemption price shall be the reasonable price of the land at the time of the sale.

Upon the filing of the corresponding petition or request with the department or corresponding case in court by the agricultural lessee or lessees, the period of one hundred and eighty days shall cease to run.

Any petition or request for redemption shall be resolved within sixty days from the filing thereof; otherwise, the said period shall start to run again.

The Department of Agrarian Reform shall initiate, while the Land Bank shall finance, said redemption as in the case of pre-emption.³⁸ [emphases and underscoring supplied]

In *Mallari v. Court of Appeals*,³⁹ we held that the lessee's right of redemption will not prescribe if he is not served written notice of the sale. We affirmed this ruling in *Springsun Management Systems v. Camerino*⁴⁰ and *Planters Development Bank v. Garcia*.⁴¹

More recently in *Po v. Dampal*,⁴² we held that the failure of the vendee to serve written notice of the sale to the lessee and the DAR prevents the running of the 180-day redemption period; the lessee's constructive knowledge of the sale does not dispense with the vendee's duty to give written notice.

Simply put, Section 12 expressly states that the 180-day period must be reckoned from *written notice of sale*. If the agricultural lessee was never

³⁶ 172 Phil. 243, 251-252 (1978).

³⁷ 204 Phil. 109, 116 (1982).

³⁸ Sec. 12, AGRICULTURAL LAND REFORM CODE, as amended by Sec. 4, R.A. 6389 (1971).

³⁹ 244 Phil. 518, 523 (1988).

⁴⁰ 489 Phil. 769, 790 (2005).

⁴¹ *Supra* note 31, at 313-314.

⁴² 623 Phil. 523, 530 (2009).

notified in writing of the sale of the landholding, there is yet no prescription period to speak of.⁴³

As the *vendee*, respondent Francisco had the express duty to serve written notice on Estrella, the agricultural lessee, and on the DAR. Her failure to discharge this legal duty prevented the commencement of the 180-day redemption period. Francisco only gave written notice of the sale in her answer⁴⁴ before the PARAD wherein she admitted the fact of the sale.⁴⁵ Thus, Estrella timely exercised his right of redemption. To hold otherwise would allow Francisco to profit from her own neglect to perform a legally mandated duty.

However, despite the timely filing of the redemption suit, Estrella did not validly exercise his right to redeem the property. As early as 1969 in *Basbas v. Entena*,⁴⁶ this Court had already held that the valid exercise of the right of redemption requires either tender of the purchase price or valid consignment thereof in Court:

x x x the right of legal redemption must be exercised within specified time limits: and the statutory periods would be rendered meaningless and of easy evasion unless the redemptioner is required to make an actual tender in good faith of what he believed to be the reasonable price of the land sought to be redeemed. The existence of the right of redemption operates to depress the market value of the land until the period expires, and to render that period indefinite by permitting the tenant to file a suit for redemption, with either party unable to foresee when final judgment will terminate the action, would render nugatory the period of two years [now 180 days] fixed by the statute for making the redemption and virtually paralyze any efforts of the landowner to realize the value of his land. No buyer can be expected to acquire it without any certainty as to the amount for which it may be redeemed, so that he can recover at least his investment in case of redemption. In the meantime, the landowner's needs and obligations cannot be met. It is doubtful if any such result was intended by the statute, absent clear wording to that effect.

The situation becomes worse when, as shown by the evidence in this case, the redemptioner has no funds and must apply for them to the Land Authority, which, in turn, must depend on the availability of funds from the Land Bank. It then becomes practically certain that the landowner will not be able to realize the value of his property for an indefinite time beyond the two years redemption period.⁴⁷

After the amendment of Section 12 of the Code, a certification from the Land Bank that it will finance the redemption will also suffice in lieu of tender of payment or consignment.⁴⁸

⁴³ *Springsun Management Systems Corp. v. Camerino*, *supra* note 40; and *Planters Development Bank v. Garcia*, *supra* note 31, at 313-314.

⁴⁴ *Rollo*, p. 69.

⁴⁵ See *Planters Development Bank v. Garcia*, *supra* note 31, at 314-315, citing *Quiño v. Court of Appeals*, *supra* note 25, at 457 where we considered summons and the accompanying petition as written notice of the sale.

⁴⁶ 138 Phil. 721 (1969).

⁴⁷ *Id.* at 728.

⁴⁸ *Mallari v. Court of Appeals*, *supra* note 39, at 524.

In the present case, Estrella manifested his willingness to pay the redemption price but failed to tender payment or consign it with the PARAD when he filed his complaint. To be sure, a tenant's failure to tender payment or consign it in court upon filing the redemption suit is not necessarily fatal; he can still cure the defect and complete his act of redemption by consigning his payment with the court within the remaining prescriptive period.⁴⁹

Ordinarily, the 180-day redemption period begins to run from the date that the vendee furnishes written notice of the sale to the lessee. The filing of a petition or request for redemption with the DAR (through the PARAD) suspends the running of the redemption period.

However, as the cases of *Basbas* and *Almeda v. Court of Appeals*⁵⁰ – as well the amendment to Section 12 of the Code – evidently show, Congress did not intend the redemption period to be indefinite. This 180-day period resumes running if the petition is not resolved within sixty days.⁵¹

Because Francisco failed to serve Estrella written notice of the sale, Estrella's 180-day redemption period was intact when he filed the complaint before the PARAD. The filing of the complaint prevented the running of the prescription period and gave Estrella time to cure the defect of his redemption through consignment of the redemption price.

After the lapse of sixty days, Estrella's 180-day redemption period began running pursuant to Section 12 of the Code. Nevertheless, Estrella could still have consigned payment within this 180-day period.

The exercise of the right of redemption must be made in accordance with the law. Tender of the redemption price or its valid consignment must be made within the prescribed redemption period.⁵² The reason for this rule is simple:

x x x Only by such means can the buyer become certain that the offer to redeem is one made seriously and in good faith. A buyer cannot be expected to entertain an offer of redemption without attendant evidence that the redemptioner can, and is willing to accomplish the repurchase immediately. A different rule would leave the buyer open to harassment by speculators or crackpots as well as to unnecessary prolongation of the redemption period, contrary to the policy of the law. While consignment of the tendered price is not always necessary because legal redemption is not made to discharge a pre-existing debt, a valid tender is indispensable, for the reasons already stated. Of course,

⁴⁹ *Lusung, et al. v. Santos*, 204 Phil. 302, 309 (1982).

⁵⁰ 168 Phil. 348, 355 (1977).

⁵¹ Sec. 12, AGRICULTURAL LAND REFORM CODE, as amended.

⁵² *Almeda v. Court of Appeals*, *supra* note 50, at 355-356; *Baltazar v. Court of Appeals*, 192 Phil. 137, 154 (1981); and *Lusung v. Vda. De Santos*, *supra* note 49 at 307, 309.

consignation of the price would remove all controversy as to the redemptioner's ability to pay at the proper time.⁵³ [emphasis supplied]

Unfortunately, even after the lapse of the 240 days (the 60-day freeze period and the 180-day redemption period), there was neither tender nor judicial consignation of the redemption price. Even though Estrella repeatedly manifested his willingness to consign the redemption price, he never actually did.

While Estrella exercised his right of redemption in a timely manner, the redemption was ineffective because he failed to exercise this right in accordance with the law. Notably, he had also repeatedly manifested his inability to even pay judicial costs and docket fees. He has been declared (twice) as a pauper litigant who was "living below the poverty threshold level because of limited income."⁵⁴ This casts considerable doubt on Estrella's ability to pay the full price of the property. In sum, we have no choice but to deny the petition.


The Agricultural Land Reform Code is a social legislation designed to promote economic and social stability. It must be interpreted liberally to give full force and effect to its clear intent, which is "to achieve a dignified existence for the small farmers" and to make them "more independent, self-reliant and responsible citizens, and a source of genuine strength in our democratic society."⁵⁵ Nevertheless, while we endeavor to protect the rights of agricultural lessees, we must be mindful not to do so at the expense of trampling upon the landowners' rights which are likewise protected by law.

WHEREFORE, we hereby **DENY** the petition for lack of merit; accordingly, we **AFFIRM** the November 28, 2012 resolution of the Court of Appeals in CA-G.R. SP No. 121519. No costs.

SO ORDERED.


ARTURO D. BRION
 Associate Justice

WE CONCUR:


ANTONIO T. CARPIO
 Associate Justice
 Chairperson

⁵³ *Torres de Conejero v. Court of Appeals*, L-21812, April 29, 1966, 16 SCRA 775, 783-784, cited in *Basbas v. Entena*, *supra* note 46, at 727 and in *Almeda v. Court of Appeals*, *supra* note 50, at 356.

⁵⁴ *Rollo*, p. 34.

⁵⁵ *Catorce v. Court of Appeals*, 214 Phil. 181, 184-185 (1984).


(On Leave)
MARIANO C. DEL CASTILLO
Associate Justice


JOSE CATRAL MENDOZA
Associate Justice


MARVIC M.V.F. LEONEN
Associate Justice


ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ANTONIO T. CARPIO
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


MARIA LOURDES P. A. SERENO
Chief Justice