

## SECOND DIVISION

[ G.R. No. 209384, June 27, 2016 ]

**URBANO F. ESTRELLA, PETITIONER, VS. PRISCILLA P. FRANCISCO, RESPONDENT.**

### DECISION

**BRION, J.:**

This petition for review on *certiorari* seeks to reverse and set aside the **November 28, 2012 resolution**<sup>[1]</sup> of the Court of Appeals (CA) in **CA-G.R. SP No. 121519**.<sup>[2]</sup> The CA dismissed petitioner Urbano F. Estrella's (*Estrella*) appeal from the Department of Agrarian Reform Adjudication Board's (*DARAB*) **February 23, 2009 decision**<sup>[3]</sup> 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, 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 (P500,000.00),<sup>[4]</sup> without notifying Estrella.

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

On February 12, 2001, Estrella filed a complaint<sup>[7]</sup> 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*).<sup>[8]</sup> 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 P500,000.00 with the PARAD as the redemption price.<sup>[9]</sup>

Cristobal did not file an answer while Francisco denied all the allegations in the complaint except for the fact of the sale.<sup>[10]</sup> 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.<sup>[11]</sup> 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.<sup>[12]</sup>

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.<sup>[13]</sup> 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.<sup>[14]</sup> 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 review<sup>[15]</sup> 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.<sup>[16]</sup> 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.<sup>[17]</sup>

On November 28, 2012, the CA dismissed Estrella's petition for review for failure to show any reversible error in the DARAB's decision.<sup>[18]</sup> Estrella received a copy of the CA's resolution on April 10, 2013.<sup>[19]</sup>

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.<sup>[20]</sup>

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

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.<sup>[22]</sup>

On May 30, 2013, the CA denied Estrelia's motions for extension of time, citing the rule that the reglementary period to file a motion for reconsideration is non-extendible.<sup>[23]</sup> The CA likewise denied Estrelia'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.<sup>[24]</sup> 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*.<sup>[25]</sup> She also questioned the genuineness of Estrelia's claim to be a pauper litigant. Francisco points out that a person who claims to be willing to pay the redemption price of P500,000.00 is not, by any stretch of the imagination, a pauper.<sup>[26]</sup>

### **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.<sup>[27]</sup> 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.<sup>[28]</sup>

As early as 1973, the Philippines has already declared our goal of emancipating agricultural tenants from the bondage of the soil.<sup>[29]</sup> The State adopts a policy of promoting social justice, establishing owner cultivatorship of economic-size farms as the basis of Philippine agriculture, and providing a vigorous and systematic land resettlement and redistribution program.<sup>[30]</sup>

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.<sup>[31]</sup> 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.<sup>[32]</sup> 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.<sup>[33]</sup> 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.<sup>[34]</sup>

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.<sup>[35]</sup>

In *Padasas v. Court of Appeals*,<sup>[36]</sup> 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*.<sup>[37]</sup>

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.<sup>[38]</sup>  
[emphases and underscoring supplied]

In *Mallari v. Court of Appeals*,<sup>[39]</sup> 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*<sup>[40]</sup> and *Planters Development Bank v. Garcia*.<sup>[41]</sup>

More recently in *Po v. Dampal*,<sup>[42]</sup> 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 notified in writing of the sale of the landholding, there is yet no prescription period to speak of.<sup>[43]</sup>

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 answer<sup>[44]</sup> before the PARAD wherein she admitted the fact of the sale.<sup>[45]</sup> 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*,<sup>[46]</sup> this Court had already held that the valid exercise of the right of redemption requires either tender of the purchase price or valid consignation 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