

## THIRD DIVISION

[ G.R. No. 133706, May 07, 2002 ]

**FRANCISCO ESTOLAS, PETITIONER, VS. ADOLFO MABALOT,  
RESPONDENT.**

### DECISION

**PANGANIBAN, J.:**

Agrarian laws must be interpreted liberally in favor of the grantee, in order to give full force and effect to their 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."

#### The Case

Before us is a Petition for Review on Certiorari assailing the April 7, 1998 Decision<sup>[1]</sup> of the Court of Appeals<sup>[2]</sup> (CA) in CA-GR SP No. 38268. The decretal portion of the assailed Decision reads thus:

"WHEREFORE, in view of the foregoing, the Petition is hereby DENIED DUE COURSE and consequently, DISMISSED. No pronouncement as to costs."<sup>[3]</sup>

#### The Facts

The facts of the case are summarized by the CA as follows:

"On November 11, 1973, a Certificate of Land Transfer (hereinafter referred to as CLT) was issued in favor of respondent over a 5,000 square meter lot (hereinafter referred to as subject land) located in Barangay Samon, Sta. Maria, Pangasinan. Sometime in May, 1978, needing money for medical treatment, respondent passed on the subject land to the petitioner for the amount of P5,800.00 and P200.00 worth of rice. According to respondent, there was only a verbal mortgage; while according to petitioner, a sale had taken place. Acting on the transfer, the DAR officials in Sta. Maria, Pangasinan authorized the survey and issuance of an Emancipation Patent, leading to the issuance of a Transfer Certificate of Title No. 3736 on December 4, 1987, in favor of the petitioner.

"Sometime in May, 1988, respondent filed a Complaint against the petitioner before the Barangay Lupon in Pangasinan for the purpose of redeeming the subject land. When no amicable settlement was reached, the case was referred to the Department of Agrarian Reform's (hereinafter referred to as DAR) regional office at Pilar, Sta. Maria, Pangasinan.

"On July 8, 1988, Atty. Linda F. Peralta of the DAR's District Office submitted her investigation report finding that respondent merely gave the subject land to petitioner as guarantee for the payment of a loan he had incurred from the latter; and recommending that the CLT remain in the name of respondent and that the money loan be returned to petitioner.

"Meanwhile, in a letter, dated September 20, 1988, petitioner insisted that the subject land had been sold to him by respondent and requested the DAR to cancel the CLT in respondent's name. Another investigation was conducted on the matter which led to the Order dated March 9, 1989, issued by DAR Regional Director Antonio M. Nuesa. In the said Order, the DAR found the act of respondent in surrendering the subject land in favor of petitioner as constituting abandonment thereof, and denied respondent's prayer for redemption of the subject land. Respondent's request for reinvestigation was denied in a Resolution, dated April 11, 1989.

"Thus, on May 3, 1989, respondent appealed the case to the DAR Central Office which, on August 28, 1990, issued an Order reversing the assailed Order of DAR Regional Director Antonio M. Nuesa and ordering the petitioner to return the subject land to respondent. Petitioner's Motion for Reconsideration was denied on June 8, 1992. He filed an Appeal with the Office of the President which was dismissed in a Decision dated August 29, 1994. Petitioner's Motion for Reconsideration of the said Decision was also denied in an Order dated November 28, 1994. Likewise, petitioner's second Motion for Reconsideration was denied in an Order dated July 5, 1995."<sup>[4]</sup>

### **Ruling of the Court of Appeals**

The appellate court ruled that the subject land had been acquired by respondent by virtue of Presidential Decree (PD) No. 27. This law prohibits the transfer of the land except by hereditary succession to the heirs or by other legal modes to the government. Hence, the transfer of the subject land to petitioner is void; it should be returned to respondent.

The CA further held that respondent had not effectively abandoned the property, because he tried to redeem it in 1981 and 1983. The effort, however, failed because petitioner had demanded P15,000 for it. The appellate court also noted that respondent continued to hold on to the Certificate of Land Transfer (CLT) covering the subject land, and that he "would not have even thought of bringing an action for the recovery of the same if he honestly believed that he had already given it up in favor of [petitioner]."<sup>[5]</sup>

Hence, this recourse.<sup>[6]</sup>

### **Issues**

In his anemic 6-page Memorandum,<sup>[7]</sup> petitioner raises the following issues:

- "A. Whether or not in law there is a valid abandonment made by Respondent Mabalot.
- B. Whether the act of Respondent Mabalot in conveying to petitioner the right to possess and cultivate the disputed parcel of land constitutes a valid abandonment thereby rendering the property available for transfer to other bonafide farmers.
- C. Whether the continuous possession and cultivation by petitioner since 1976 up to the present has ripened into ownership over the five thousand (5,000) square meters parcel in dispute.
- D. Whether the issuance of an emancipation patent and thereafter a transfer certificate of title in the name of petitioner has validated and legitimized possession and ownership over the disputed property."<sup>[8]</sup>

The main issue may be worded as follows: did respondent abandon the subject property, thereby making it available to other qualified farmer-grantees?

### **The Court's Ruling**

The Petition has no merit.

### **Main Issue:** **Abandonment**

The subject property was awarded to respondent by virtue of PD 27. On November 11, 1973,<sup>[9]</sup> a CLT was issued in his favor. PD 27 specifically provides that when private agricultural land -- whether classified as landed estate or not -- is primarily devoted to rice and corn under a system of sharecrop or lease tenancy, the tenant farmers thereof shall be deemed owners of a portion constituting a family-size farm of five (5) hectares if not irrigated, and three (3) hectares if irrigated.

Petitioner avers that respondent neither protested when the former had the subject land surveyed and planted with 40 mango trees, nor attempted to return the money he had borrowed from petitioner in 1976. Because the lot has been abandoned by respondent, the beneficiary, and because PD 27 does not prohibit the transfer of properties acquired under it, petitioner theorizes that the Department of Agrarian Reform (DAR) may award the land to another qualified farmer-grantee.<sup>[10]</sup>

### **Non-transferability of** **Land Awarded Under PD 27**

We do not agree. PD 27 specifically provides that title to land acquired pursuant to its mandate or to that of the Land Reform Program of the government shall not be transferable except to the grantee's heirs by hereditary succession, or back to the government by other legal means. The law is clear and leaves no room for interpretation.