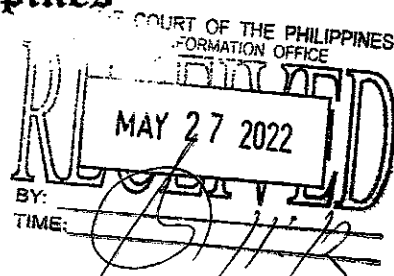




Republic of the Philippines

Supreme Court
Manila

THIRD DIVISION



JOSEFINA B. MARCELO, ELIGIO G.R. No. 224040
CAPULE, and CARLITO
NICODEMUS,

Petitioners,

Present:

LEONEN, J.,
Chairperson,
CARANDANG,
ZALAMEDA,
ROSARIO, and
DIMAAMPAO, JJ.

- versus -

JUANITO GUCILATAR and LAND Promulgated:
BANK OF THE PHILIPPINES,
Respondents.

October 6, 2021

MisADC Staff

X-----X

DECISION

CARANDANG, J.:

Before Us is a Petition for Review on Certiorari assailing the Decision¹ dated October 23, 2015 of the Court of Appeals (CA) in CA-G.R. SP No. 132889, which affirmed the Decision² dated July 5, 2013 of the Department of Agrarian Reform Adjudication Board (DARAB) in DARAB Case Nos. 17469 and 17469-A.

The instant case stems from two separate actions filed before the Office of the Provincial Agrarian Reform Office in Malolos City docketed as DARAB Case No. R-03-02-4768'07 and DARAB Case No. R-03-02-5437'07.

¹ Penned by Associate Justice Ma. Luisa C. Quijano-Padilla, with the concurrence of Associate Justices Franchito N. Diamante and Samuel H. Gaerlan (now a Member of this Court); *rollo*, pp. 20-28.

² *Id.* at 55-66.

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DARAB Case No. R-03-02-4768'07

On June 21, 2007, Juanito Gucilatar (respondent) filed a case for recovery of possession (Ejectment) against Josefina Marcelo, Eligio Capule (Eligio), and Carlito Nicodemus (Carlito; collectively, petitioners).

Respondent alleged that he is the absolute owner of parcels of land covered by Transfer Certificate of Title (TCT) Nos. 215350 to 215353 through a Sheriff sale. After the redemption period without the properties having been redeemed, title over the properties were consolidated under his name. Thus, the Regional Trial Court issued a Writ of Possession in his favor. Later, respondent and the sheriff went to the houses of petitioners, the agricultural tenants over the said properties, to serve the Writ of Possession. However, petitioners defied the Writ of Possession and did not recognize respondent's ownership over the properties. As such, petitioners failed to pay rentals to respondent for five harvest seasons.³

Respondent also alleged that petitioners assigned their rights to cultivate the land to third persons, thus, they did not cultivate the land as tenants. Further, they transformed the land into a *palaisdaan*.⁴

Petitioners claimed that the reason why they did not recognize respondent as the owner of the properties was because Gerardo Domingo (Gerardo), the former owner of the properties failed to inform them that he mortgaged the properties. Respondent's allegation that petitioners were not paying rentals was not true. Petitioner's continuously paid rentals over the properties to Gerardo until January 2007. Gerardo acknowledged that petitioners were paying rentals to him, as evidenced by the *Malayang Pahayag* executed by Gerardo.⁵

Since petitioners are the recognized tenants over the properties, they enjoy security of tenure and hence cannot be ejected.

On May 5, 2010, the Office of the Provincial Agrarian Reform Office issued a Decision⁶ in favor of respondent. The Provincial Adjudicator found that petitioners deliberately refused to pay rentals to respondent despite notice that respondent is now the owner of the properties, thus:

WHEREFORE, premises considered, judgment is rendered in favor of the [respondent] and against the [petitioners]. Accordingly, Order is hereby issued as follows:

1. ORDERING the [petitioners] and all other persons acting in their [behalf] to vacate the premises in question;

³ Id. at 70-71.

⁴ Id.

⁵ Id.

⁶ Penned by Provincial Adjudicator Noel C. Longboan; id. at 70-76.

2. ORDERING the [petitioners] to pay the [respondent] the equivalent of 44 cavans of palay per hectare per year as liquidated damages from 2005 up to the present for the equitable use of the subject landholding. The said cavans of palay was based from the computation of rentals in the Order of the Regional Director of June 12, 2008;

3. Claims and counterclaims are dismissed for insufficiency of evidence.

SO ORDERED.⁷

DARAB Case No. R-03-02-5437'07

Petitioners filed on November 22, 2007, a petition for redemption against respondent and Land Bank of the Philippines.

Petitioner Josefina Marcelo (Josefina) alleged that in 1948 to 1950, her husband Rufino Marcelo (Rufino) started tilling the lands described as Lots 7207 and 7213 with an area of 19,116 square meters and 12,090 square meters, respectively. At that time, the owner of the lands was Dr. Cenon Domingo (Dr. Domingo), with whom Rufino entered a tenancy agreement.⁸

Upon Rufino's death in 1962, Josefina took over the cultivation of the said lands. In 1982, Dr. Domingo died. Thereafter, his daughter, Lita Domingo (Lita) took over and Josefina had the same tenancy agreement Lita.⁹

In 1999, the subject lands were adjudicated to Gerardo by virtue of an Extra-Judicial Settlement of Estate of Dr. Domingo. Josefina continued cultivating the said properties until the present.¹⁰

Petitioner Eligio claimed that his father Arsenio Capule (Arsenio) cultivated Lots 7173 and 6873 with an area of 11,839 square meters and 6,261 square meters, respectively, until his death in 1959.¹¹ Subsequently, Eligio and his brother, Justino Capule succeeded the tenancy over the lands. However, in 1970, Justino Capule relinquished his right over the lands to Eligio. The latter paid rentals to Gerardo amounting to 20 cavans of palay during the "*panag-araw*" and $\frac{1}{4}$ of the harvest during "*panag-ulan*."

Petitioner Carlito alleged that his father, Monico Nicodemus (Monico) has been tilling Lot 7248 consisting of 1,664 square meters until his death. Thereafter, Carlito succeeded the tenancy. In 2001, half of the tenanted lands was given to him as his "disturbance compensation." Since he surrendered his tenancy rights to Gerardo.

⁷ Id. at 76.

⁸ Id. at 78.

⁹ Id.

¹⁰ Id.

¹¹ Id.



On May 15, 2002, Gerardo mortgaged the properties to respondent in the amount of ₱300,000.00. For failure to pay his obligation, respondent foreclosed the mortgage. Respondent was the highest bidder during the auction sale and the sheriff issued a Certificate of Sale in the amount of ₱625,000.00. Gerardo failed to redeem the properties, as such, titles over the properties were consolidated in the name of respondent. TCT Nos. 215349 to 215353 were issued to respondent.

Petitioner claimed that the mortgage of the properties was done without their knowledge and consent. As such, petitioners prayed that they be allowed to redeem the subject lands.

On August 24, 2011, Provincial Adjudicator Andrew N. Baysa (Provincial Adjudicator Baysa) issued a Decision¹² in favor of petitioners. Provincial Adjudicator Baysa still included Carlito as an agricultural tenant that can exercise his right of redemption with respect to this tenanted portion.

Further, he ruled that since it is established in the Decision dated May 5, 2010 of Provincial Adjudicator Noel C. Longboan (Provincial Adjudicator Longboan) that petitioners were tenants of the properties, they can exercise their right of redemption. Records show that petitioners were not notified in writing about respondent's acquisition of the lands through an auction sale, therefore, petitioners can still avail their right of redemption. The Provincial Adjudicator further held that absence of a prior tender of redemption price cannot defeat their right to redeem. As held in *Hulganza v. Court of Appeals*,¹³ consignation in court is not essential where the filing of the action itself is equivalent to a formal offer to redeem. Thus:

WHEREFORE, premises considered, judgment is hereby rendered:

1. Declaring [petitioners] to be in possession of the right to redeem the landholdings tenanted by them situated in Malolos City, Bulacan as described in TCT Nos. T-215352, T-215349, T-215351, T-215350 and T-215353, in the amount of SIX HUNDRED TWENTY FIVE THOUSAND PESOS (₱625,000.00) which is the reasonable price of the property at the time the same was acquired in the auction sale in 2004;
2. Ordering the [petitioners] to deposit said amount to this Board within a period of ten (10) days from receipt of this decision;
3. Allowing the [respondent] to claim/withdraw said amount from this Board;
4. Ordering [respondent] to execute the necessary Deed of Redemption in favor of the [petitioners] after receipt of the redemption money and to surrender TCT Nos. T-215352, T-215349, T-215351, T-215350 and T-215353 to this Board;

¹² Id. at 78-83.

¹³ 241 Phil. 48 (1986).

5. Ordering the Register of Deeds of the Province of Bulacan to cause the registration of the Deed of Redemption that will be executed by the [respondent];

6. Dismissing the petition against defendant Land Bank of the Philippines (LBP).

No pronouncement as to costs.

SO ORDERED.¹⁴

Ruling of the Department of Agrarian Reform Adjudication Board

Both parties appealed separately the Decisions of Provincial Adjudicators Longboan and Baysa. The DARAB consolidated both appeals made by the parties on the respective Decisions of Provincial Adjudicators Longboan and Baysa.

The DARAB in its consolidated Decision ruled that petitioners have been deliberately remiss in their obligation to pay their rentals. Despite knowledge that the ownership of the subject lands was already with respondent, petitioner still continued paying their rentals to Gerardo. Further, while there was no written notice informing petitioners of the sale of the properties, petitioners however failed to tender or consign the redemption price. The tender or consignment of the redemption price is an indispensable requirement to the proper exercise of the right of redemption. Petitioners' right of redemption must therefore fails as such:

WHEREFORE, the appealed decision in Reg. Case No. R-03-02-4768'07 is AFFIRMED. While the appealed decision in Reg. Case No. R-03-02-5437'07 is REVERSED and SET ASIDE and a new judgment is entered DISMISSING the Petition for Legal Redemption for lack of merit.

SO ORDERED.¹⁵

Ruling of the Court of Appeals

On October 23, 2015, the CA issued a Decision¹⁶ affirming *in toto* the DARAB ruling, to wit:

WHEREFORE, the petition is DENIED. The July 5, 2013 Consolidated Decision and October 1, 2013 Resolution of the Department of Agrarian Reform Adjudication Board (DARAB) in DARAB Cases Nos. 17469 and 17469-A are AFFIRMED.

SO ORDERED.¹⁷

¹⁴ *Rollo*, pp. 83.

¹⁵ *Id.* at 55.

¹⁶ *Supra* note 1.

¹⁷ *Rollo*, p. 28.



Aggrieved, petitioners filed the instant Petition for Review on *Certiorari* assailing the rulings of the DARAB and the CA.

Petitioners' arguments

Petitioners argued that the CA erred in holding that their exercise of the right of redemption was ineffectual because they failed to tender or consign the full amount of the redemption price. Petitioners cited the case of *Anecita Gregorio vs. Maria Crisologo Vda. de Culig*¹⁸ Where this Court reiterated the principle first laid down in *Hulganza vs. CA*¹⁹ that a bona fide tender of the redemption price or its equivalent or consignment of the said price is not essential where the filing of the action itself is equivalent to a formal offer to redeem. Thus, the absence of a prior tender of redemption price cannot defeat their right to redeem the properties.²⁰

Respondent Gucilatar's arguments

The allegations raised by petitioners are mere rehash of the errors raised before the DARAB and the CA which were already exhaustively resolved by them.

Respondent further alleged that an offer to redeem must either through a formal tender with consignment or by filing a complaint coupled with consignment of the redemption price. An intention to redeem should always be coupled with consignment of the redemption price. He also alleges that despite notice that he is now the owner of the subject property, petitioners refused to pay rentals to him. Rather, they still continued paying rentals to the former owner.

Respondent Land Bank of the Philippines' arguments

Land Bank of the Philippines (LBP) countered that petitioners made no allegations as to whether they were indeed agricultural tenants with a right of security of tenure and redemption. Agricultural tenancy cannot be presumed. It is therefore necessary to prove by substantial evidence that petitioners are agricultural tenants. Without those jurisdictional facts proving agricultural tenancy is fatal in their petition.

Issue

The issue in this case is whether petitioners validly exercised their right of redemption.

¹⁸ 788 Phil. 722 (2016).

¹⁹ Supra note 13.

²⁰ *Rollo*, pp. 12-14.

Ruling of the Court

Under Republic Act (R.A.) No. 3844, the agricultural leasehold system was enacted and put into place. The State adopted a policy of promoting social justice, establishing owner cultivatorship of economic size farms as basis of Philippine agriculture; providing a vigorous and systematic land resettlement and redistribution program; achieving a dignified existence for the small farmers; creating a viable social and economic structure conducive to greater productivity and higher farm incomes and making the small farmers more independent and self-reliant.²¹

“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.”²² Thus, the agricultural tenant has a security of tenure which “protects them from being dispossessed of the landholding or ejected from their leasehold.”²³

To protect the security of tenure of the agricultural tenants, R.A. No. 3844 gives them the right of redemption, in case the landowner/lessor sells the land without the lessee’s knowledge. Section 12 of R.A. No. 3844, as amended by R.A. No. 6389, states:

Section 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 the 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 said 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.

²¹ R.A. No. 3844, Section 2.

²² *Estrella v. Francisco*, 788 Phil. 321 (2016).

²³ *Id.*



The Department of Agrarian Reform shall initiate, while the Land Bank shall finance said redemption as in the case of pre-emption. (Emphasis supplied)

In this case, it is undisputed that herein petitioners are agricultural tenants of the subject landholdings. Even the former owner, Gerardo, acknowledged petitioners as agricultural tenants. The allegation of LBP that agricultural tenancy is not established cannot be considered. Be it noted that the DARAB in its Decision²⁴ in DARAB Case Nos. 17469 and 17469-A, never ruled that petitioners are not agricultural tenants. In fact, the DARAB ruled that payment of rentals is an obligation of an agricultural tenant. Also, the DARAB referred to petitioners as “respondent tenants.” Further, if indeed petitioners are not agricultural tenants, they should have dismissed the petition for redemption on such ground and not because of their failure to consign the redemption price.

It is also undisputed that petitioners were not notified in writing that the properties were already sold to respondent. Without such written notice of sale, the 180-day prescriptive period will not begin to run.²⁵ Since the petition for redemption was filed with the DARAB within the prescriptive period, We must determine whether the redemption was effectual.

It is true that “tender or consignment is an indispensable requirement to the proper exercise of the right of redemption by the agricultural lessee. An offer to redeem is validly effected through: (a) a formal tender with consignment or (b) a complaint filed in court coupled with consignment of the redemption price.”²⁶ This however ignores the last part of Section 12 of R.A. 3844, as amended, ordering LBP to finance the redemption.

Be it noted that agricultural tenants may not always have ready cash to tender or to consign to the court. To remedy this and to give the farmer or agricultural tenant the chance to own the land they are cultivating, the law directs the Department of Agrarian Reform (DAR) to initiate the redemption proceedings and for LBP to finance the redemption. If courts indiscriminately dismisses and denies redemption cases otherwise properly filed by the agricultural tenants simply because of their failure to actually tender or to consign the redemption price, then the last part of Section 12 is rendered nugatory. It is well-settled that “every part of the statute must be considered together with the other parts, and kept subservient to the general intent of the whole enactment. x x x [T]he law must not be read in truncated parts, its provisions must be read in relation to the whole law. x x x [Thus,] all the words in the statute must be taken into consideration in order to ascertain its meaning.”²⁷ Therefore, in case the agricultural tenant files a redemption case without consigning or tendering the redemption price, a Certification from the

²⁴ *Rollo*, pp. 55-65.

²⁵ *Estrella v. Francisco*, supra note 22.

²⁶ *Castro v. Mendoza*, 809 Phil. 789, 823 (2017).

²⁷ *Philippine International Trading Corp. v. Commission on Audit*, 635 Phil. 448, 454 (2010).

LBP that it will finance the redemption will already suffice.²⁸

As held in *Spouses Franco v. Spouses Galera, Jr.*,²⁹ “agrarian justice aims to liberate sectors that have been victimized by a system that has perpetuated their bondage to debt and poverty.” “The program aims to remove the agricultural tenant from the system that had once oppressed them by making the tenant once just a tiller owner of [their] land.” “Its goal is to dignify those who till the lands to give land to those who cultivate them.”³⁰

In order to give life to this avowed policy of agrarian land reform and to perpetuate social justice, petitioners should be allowed to redeem the land they are tilling at a reasonable price to be determined by the DAR and for the Regional Officer or Branch of the LBP concerned to finance the redemption of petitioners.

WHEREFORE, the instant petition is **GRANTED**. The Decision dated October 23, 2015 of the Court of Appeals in CA-G.R. SP No. 132889 is hereby **REVERSED** and **SET ASIDE**. Accordingly, judgment is rendered:

1. **UPHOLDING** the right of redemption of petitioners Josefina B. Marcelo, Eligio Capule, and Carlito Nicodemus;
2. **REMANDING** the case to the Department of Agrarian Reform Adjudication Board to determine the reasonable price at the time of the sale for the redemption of the properties; and
3. **DIRECTING** the Regional Office or Branch of the Land Bank of the Philippines concerned to finance the redemption of petitioners Josefina B. Marcelo, Eligio Capule, and Carlito Nicodemus, pursuant to Section 12 of Republic Act No. 3844, as amended by Republic Act No. 6389.

SO ORDERED.


ROSMARI D. CARANDANG
Associate Justice

²⁸ *Estrella v. Francisco*, supra note 22.

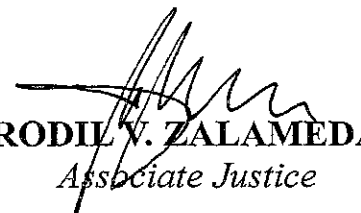
²⁹ G.R. No. 205266, January 15, 2020.

³⁰ Id.


WE CONCUR:



MARVIC MARIO VICTOR F. LEONEN
Associate Justice



RODIL V. ZALAMEDA
Associate Justice



RICARDO R. ROSARIO
Associate Justice



JAPAR B. DIMAAMPAO
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.



MARVIC MARIO VICTOR F. LEONEN
Associate Justice

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.


ALEXANDER G. GESMUNDO
Chief Justice