

HILARION D. TUMANENG II, ADRIANO C. LORENZO, SUSANA ESTAVILLO-LORENZO AND DIOMEDES MEDY; LORENZO, IN HIS CAPACITY AS REPRESENTATIVE, PETITIONERS. VS. JOSE NARCISO, ISAAC NARCIS...

SP No. 107000, March 12, 2012

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Court of Appeals

The Case

In a Petition for Review[1] filed under Rule 43 of the 1997 Rules of Civil Procedure, petitioners Hilarion D. Tumaneng II, Adriano C. Lorenzo, Susana Estavillo-Lorenzo and Diomedes Lorenzo, ("Tumaneng, et al.") assail:

(1) The July 31, 2008 Decision[2] rendered by the Department of Agrarian Reform Adjudication Board (DARAB) in DARAB Case No. 13345 [Reg. Case No. 1-05-723-03-IN] entitled "Jose Narciso, et al., Plaintiffs-Appellees, " versus Hilarion D. Tumaneng II, et al., Respondents-appellants the dispositive portion of which reads:

"WHEREFORE, in view of the foregoing, the decision of the Honorable Adjudicator a quo dated August 25, 2004, is hereby AFFIRMED IN TOTO.

SO ORDERED."[3] (emphasis Ours)

(2) The December 10, 2008 Resolution[4] denying the Motion for Reconsideration[5] dated October 20, 2008.

The Facts

The facts of the case, as culled from the assailed July 31, 2008 Decision of the DARAB, are as follows:

"On May 28, 2003, plaintiffs-appellees filed a complaint for Redemption with Damages against respondents-appellants, containing the following allegations: that plaintiffs are bona fide tenants of agricultural landholdings declared in the names of Modesto Tumaneng and Marcelina Falcon, as owner thereof, situated at Brgy. 17, Dupitac, Piddig llocos Norte, particularly described as follows, viz:

A. JOSE NARCISO

1) Lot No. 21775 containing an area of 1,200 sq. mts. as residential and 164 sq. mts. As Orchard, covered by ARP No. 03-011-02282;

2) Lot No. 21778 containing an area of 134 sq. mts. as irrigated Riceland, covered by ARP No. 03-011-02066;

3) Lot No. 22098 containing an area of 2,245 sq. mts. Irrigated Riceland, covered by ARP No. 96-11-01874;

B. ISAAC NARCISO

1) Lot No. 22186 containing an area of 1,563 sq. mts. Irrigated Riceland covered by ARP No. 96-011-01770'

2) Lot No. 22099 containing an area of 1,686 irrigated riceland covered by ARP No. 96-011-018773

C. BENJAMIN NARCISO

1) Lot No. 22185 containing an area of 2,440 sq. mts. irrigated Riceland covered by 96-011-01771

2) Lot No. 21861 containing an area of 2,261 sq. mts. Irrigated Riceland covered by ARP No. 03-011-02047

D. DOMINADOR AGOY

1) Lot No. 22097 containing an area of 2,150 sq. mts. Irrigated Riceland covered by ARP No. 96-011-9875;

That the said landholding[s] with tax declarations were subjected to a Deed of Absolute Sale executed by and between respondents Tumaneng II as the vendor and respondents Lorenzo's as vendees, acknowledged before Notary Public, Atty. Aproniano Nicolas; that plaintiffs being bona fide tenants of subject landholding having the right of first refusal as provided for by law were not notified of the sale nor signed any waiver for the sale thereof to the respondents-appellants Lorenzo's, as it was done with stealth and machinations by the respondent; that there was a dialogue conducted between the plaintiffs-appellees and respondents-appellants as regards the sale and the desire of the herein tenants-plaintiffs to buy the subject landholdings and/or to redeem the same but to no avail as the representative and respondents refused; that the plaintiffs-appellees due to the failure of the dialogue as their desire to buy and/or redeem the subject landholdings, said plaintiffs-appellees deposited the amount of Three Hundred Two Thousand and One Hundred Seventy Five Pesos (P302,175.00) Philippine currency at the Land Bank of the Philippines, Laoag City Branch, the same being the balance of payment initially paid by the plaintiff Isaac Narciso Jr., amounting to Forty Thousand Pesos (P40,000.00) Philippine currency; that Lot No. 22184, Cad-657-D, of Pidding Cadastre, covered by Katibayan ng Original na Titulo Big. P-712222 in the name of Modesto S. Tumaneng, and covered in the subject Deed of Absolute Sale was previously sold to plaintiff Isaac Narciso, Jr.

Plaintiff-appellees prayed that judgment be rendered: (1) Ordering the redemption of the subject landholdings based on the Fair Market Value; (2) Ordering the respondents to pay damages and costs of the case; and (3) Granting the plaintiffs just and equitable reliefs.

In their Answer, filed on August 20, 2003, respondents-appellants Lorenzo denied the material allegations of the plaintiffs-appellees and aver that: they never had any dialogue or for any notice to a dialogue between the plaintiffs, residents and Hilarion D. Tumaneng II for the sale and/or redemption of the subject parcel of lands; that as early as March 6, 2003, they ha[d] already left for the United States; that considering that respondent Diomedes 'Medy' Lorenzo is not a party to the sale and since he had no authority to act as the representative of his co-respondent, he could not also represent them in any dialogue that allegedly took place between the

plaintiffs and the respondents; that the Deed of Absolute Sale executed by and between Isaac Narciso and Modesto Tumaneng is a mere scrap of paper as it is undated and not [ajrized and even if the same is dated and notarized the sale is void as it was within the prohibited period; that they are buyer[s] in good faith and if they had a cause of action for damages, it must be respondent Hilarion Tumaneng II who is answerable for it as they were repeatedly assured by the latter that he had fully arranged with the plaintiffs-appellees.

A Motion to Dismiss was filed by the respondents appellants Lorenzo on October 22, 2003 grounded on the alleged rescission of the contract of sale of the subject property. An opposition thereto was filed by the plaintiffs on November 6, 2003. The Motion was denied in the Order dated January 6, 2004. The Motion For Reconsideration of said Order was likewise denied in an Order dated April 22, 2004.

After the termination of the preliminary and initial conferences, parties were directed to submit their respective position papers."[6] (emphasis Ours)

The Ruling of the DARAB

In its Decision dated July 31, 2008 the DARAB held;

"We rule for the plaintiffs-appellees.

In the case of Gerardo Rupa, Sr. vs. CA G.R. No. 80129, January 25, 200[0], it was held that:

The right of redemption is validly exercised upon compliance with the following requisites:

- (a) the redemption must be an agricultural lessee or share tenant;
- (b)The land must have been sold by the owner to a third party without prior notice of the sale given to the lessee or lessees and the DAR in accordance with Section 11, RA 3844, as amended.
- (c) Only the area cultivated by the agricultural lessee may be redeemed;
- (d)The right of redemption must be exercised within 180 days from notice; and
- (e) There must be an actual tender or valid consignment of the entire amount which is the reasonable price of the land sought to be redeemed.'

In the case at bar, herein plaintiffs-appellees stays [sic] as tenant over the subject landholdings is not disputed. They are agricultural tenants over eight (8) parcels of land located at Brgy. 17, Dupitac, Piddig, Ilocos Norte, registered in the names of Modesto Tuomaneng and Marcelina Falcon. These lots are know(n) as lots 21775, 21778, 22098, 22186, 22099, 22185, 21861 and 22097*** The first element is therefore present.

These lots were sold by the children of the late Dr. Modesto S. Tumaneng to respondents Mr. Adriano Lorenzo, married to Susan Estarillo Lorenzo, on March 4, 2003 by virtue of the Deed of Sale***. The document was signed by respondent Hilarion D. Tumaneng II as 'Seller' and Adriano C. Lorenzo as 'Buyer'. It is not disputed that the sale was without the knowledge of the tenants, herein plaintiffs-appellees. The provision of the law is very clear, that when the landholdings is sold by the agricultural lessor without the knowledge of the agricultural lessee, the latter may exercise his right of redemption as provided under Sec.12 of RA 3844, as amended by RA 6389, to wit:

Herein respondents-appellants, in trying to evade the effects of this provision of agrarian law, themselves assail the validity of the contract of sale that they have entered into.*** While the Motion to Dismiss was already denied, respondent reiterated their stance against the validity of sale on ground that the seller Hilarion Tumaneng II has no authority to sell the contract is already rescinded, hence, there is nothing more (to) redeem.

We cannot uphold respondent-appellants' contentions. The fact that the subject agricultural land tenanted by the

plaintiff[s]-appellees, was sold to the Lorenzo's without the knowledge of the said tenant is duly established. Perusing the 'Deed of Absolute Sale'***, it is evident that a contract of sale has been duly perfected between the heirs of Modesto Tumaneng as represented by Hilarion Tumaneng II as Seller and the Lorenzo spouses as buyer. By the execution of the contract, ownership had already passed to the buyer, the Lorenzo's. 'The ownership of the thing sold shall be transferred to the vendee upon the actual or constructive delivery thereof (Art 1477 New Civil Code)' 'When the sale is made through a public instrument, the execution thereof shall be equivalent to the delivery of the thing which is the object of the contract, if from the deed the contrary does not appear or cannot clearly be inferred.¹ (Article 1498 New Civil Code). In the case at bar, the constructive delivery for the subject lots to the Lorenzo's is clearly indicated from the following stipulations that Modesto S. Tumaneng *** by way of absolute sale hereby sell, convey and transfer all our rights and interest theory unconditionally *** to Mr. Adriano C. Lorenzo ***'. The fact that the contract was signed by Hilarion Tumaneng II, while the stipulation mentions the name of the children of Modesto Tumaneng as seller, merely shows that the former acts in Lorenzos question the representation of Hilarion Tumaneng II, after they have acknowledged the due execution and veracity of the Deeds of Absolute Sale before a Notary Public on March 04, 2003. This is just a scheme to evade the effect of the agrarian law on the rights of the tenants to redeem. As correctly pointed out by, the Honorable Provincial Adjudicator, the non-registration of the contract of Sale, all the more reveals the intention of the respondents to conceal the sale.

The subsequent rescission of the contract of sale between the respondents will not in any way affect the right of tenants, *** to redeem the subject lots. In the case of *Monasterio, et. al., vs. Fabian* 25 SCRA 9, it was held that 'revocation of the deed of sale between the vendee and the vendor will not affect the tenant's right (of) redemption. The deed of revocation, executed subsequently to the notice of redemption, is not conclusive upon the tenants who are not parties to the revocation and neither are the Court bound to take said instrument on its face value.'

The execution of the Deed of Absolute Sale between herein respondents is enough proof of the existence of the second element.

The presence of the third and fourth elements] are likewise undisputed. The plaintiffs-appellees specified with particularly their respective areas of tillage under paragraph 2 of their complaint, where they express the intention to redeem from the respondents. As they were not notified of the sale of the same, the exercise of their rights is well within the 180 days period provided under the law.

Finally, plaintiffs have already deposited the amount of P302,175.00*** at the Land Bank of the Philippines *** which satisfies the fifth element of actual tender or valid consignment of the entire amount of the land sought to be redeemed.

'Having fully satisfied all the elements for the exercise of the right of redemption, herein tenants, plaintiffs-appellees may redeem the subject lots from the respondents-appellants.

'Where it is not disputed that the tenants are lessees and actual occupants of the property in question and that they were not notified of the execution of the deed of sale of said property by the lessor, said tenants are entitled to redeem said property pursuant to Section 12 of Republic Act No. 3844.' (*Real Monasterio vs. Fabian et. al., 25 SCRA 9*)'[7] (emphasis Ours ; italics supplied)

Aggrieved by the above decision, Tumaneng, et. al. moved for reconsideration which, however, was denied in a Resolution dated December 10, 2008.

Hence, this petition. Issues:

Petitioners Tumaneng, et. al. assigned the following as reasons to allow the petition:

"I.

THE DEED OF ABSOLUTE SALE OF THE EIGHT (8) PARCELS OF LAND DECLARED IN THE NAME OF MODESTO TUMANENG AND MARCELINA T. FALCON MADE AND EXECUTED BY HILARION TUMANENG II, WITHOUT AUTHORITY GIVEN TO HIM BY THE OTHER HEIRS, IS NOT A PERFECTED CONTRACT OF SALE BETWEEN THE HEIRS OF MODESTO TUMANENG AS SELLER AND ADRIANO LORENZO AS BUYER";[8]

"II

A RULING THAT PLAINTIFFS-APPELLEES ARE ENTITLED TO RECOVER THE EIGHT (8) PARCELS OF LAND IN SUIT CONTRAVENES THE LAW";9

"III

THE CANCELLATION/RESCISSION OF THE CONTRACT OF SALE IS THE MEASURE UNDERTAKEN BY THE RESPONDENTS-APPELLANTS TO PROTECT THEM AND THE OTHER HEIRS/OWNERS FROM ALL INJURY AND DAMAGES WHICH THE CONTRACT MAY CAUSE AND NOT TO DEFEAT THE AGRARIAN LAW ON THE RIGHT OF THE TENANTS TO REDEEM".[10]

In fine, the sole issue submitted for Our resolution is:

WHETHER OR NOT THE DEPARTMENT OF AGRARIAN REFORM ADJUDICATION BOARD ERRED IN ISSUING THE ASSAILED DECISION DATED JULY 31, 2004.

OUR RULING

In assailing respondents' right to redeem the subject landholdings, petitioners Tumaneng, et al. posit that the Deed of Absolute Sale is not a perfected contract and to grant the former the right of redemption is contrary to law. They posit that the rescission of said contract was made in order to protect Hilarion Tumaneng's ("Hilarion") co-heirs.

We are not persuaded.

Petitioners Tumaneng, et al. cannot argue that the Deed of Absolute Sale was not perfected on the mere premise that Hilarion was not authorized by his co-heirs to sell their share on the subject landholdings. A contract of sale is perfected at the very moment that there is a meeting of minds upon the thing which is the object of the contract and upon the price.[11] It is, therefore, not required that at the perfection stage, the seller be the owner of the thing sold at that point in time.[12] Also, the sale contemplated under Section 12, RA No. 3844 could have only referred to a consummated sale, not a conditional sale of the landholding to a third person without the knowledge of the tenant as it is through such consummated sale that an owner is divested of his title and ownership of the land, not merely by a conditional sale where the title and improvements thereon remain with the owner.[13] Worthy of note is the fact that while a contract of sale is consummated only upon delivery and payment,[14] when the sale is made through a public instrument, the execution thereof is considered or equivalent to the delivery of the thing which is the object of the contract, especially if from the deed the contrary does not appear or cannot clearly be inferred.[15] The execution of a public instrument gives rise to a prima facie presumption of delivery.[16]

Pertinent to the issue at hand, in this case, the Deed of Absolute Sale was notarized on March 4, 2003. It was therefore made through a public instrument. And, it appears in said deed that payment was completed as the vendors "acknowledge receipt of the amount of -P-342,175." [17] It thus is clear that the contract of sale was

perfected and consummated and was made without the knowledge of the tenants, respondents here. Being so, said tenants, the respondents in this case, may exercise their right to redeem the property as mandated by Section 12 of Republic Act ("RA") No. 3844, as amended by RA No. 6389, to wit:

"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; ***. 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. ****" (emphasis Ours)

Such is in line with the avowed policy of the state under RA No. 3844 - "(t)o establish owner-cultivatorship and the economic family-size farm as the basis of Philippine agriculture, to achieve a dignified existence of the small farmers free from the pernicious institutional restraints and practices; to make the small farmers more independent, self-reliant and responsible citizens, and a source of genuine strength in our democratic society." [18]

Anent petitioners' argument that to allow appellees to redeem the landholdings would give rise to absurd situations, to the point that they ask; if appellants accept the redemption price and execute a Deed of Redemption, would it cure the defects of the Deed of Absolute Sale? What would happen to the rights of the other heirs or owners? If an heir assails the validity of the Deed of Sale and Deed of Redemption, will he not be allowed to recover what lawfully belongs to him? [19] It is enough that We point out that what We have is a sale regulated by R. A. No. 3844, with the unconsenting tenants' rights being protected over those of the owner. Besides, petitioners' concerns will be of no moment because they already indicated their intention to sell unconditionally their landholdings. Moreover, it would be unnecessary at this juncture to cure the defect, if any, of the subject contract of sale as the same will be subsumed by the tenants' right of redemption under Section 12 of RA No. 3844.

WHEREFORE, the petition is dismissed for lack of merit.

SO ORDERED.

Villamor and Zalameda,[*] JJ., concur.

[1] Rollo, pages 2-12.

[2] Rollo, pages 15-24.

[3] Ibid., page 23.

[4] Ibid, pages 13-14,

[5] Ibid., pages 62-64.

[6] Rollo, pages 16-88.

[7] Rollo, pages 19-23.

[8] Ibid., page 6.

[9] Rollo, page 8.

[10] Ibid, page 9.

[11] Cavite Development Bank vs. Lim, 324 SCRA 346, 356 (2000); Article 1475, New Civil Code

[12] Ibid.

[13] Padasas vs. Court of Appeals, 82 SCRA 250 259 (1978).

[14] Philippine National Bank vs. Court of Appeals, 262 SCRA 464, 479 (1996), citing Macion vs Guiani, 225 SCRA 102.

[15] Article 1498, New Civil Code.

[16] Equitorial Realty Development, Inc. vs. Mayfair Theater, Inc., 370 SCRA 56, 72 (2001).

[17] Rollo, page 53.

[18] Almeda vs. Court of Appeals, 78 SCRA 194, 197 (1977).

[19] Rollo, page 9.

[*] Acting Junior Member, Per Office Order No. 01-10-ABR dated February 22, 2010.

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