

MACARIO MANUEL AND RODOLFO MANUEL, PETITIONERS, VS. THE HONORABLE COURT OF APPEALS AND THE HEIRS OF EDUARDO MANUEL, NAMELY, ENRIQUETA, FRANCISCO, ELONILA, FLAVIANO, RODOLFO, PROT...

G.R. No. L-44686. November 19, 1982

Ponente: TEEHANKEE, J.

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TEEHANKEE, J.:

This is an appeal by certiorari from the judgment of the Court of Appeals* in its Case CA-G.R. No. SP-04250, holding that private respondent Enriqueta Manuel is the agricultural lessee of the landholding in question and sustaining her exercise of the right of redemption under the provisions of Section 12 of the Agricultural Land Reform Code (Rep. Act 3844) within two years from the registration of the sale[1] in favor of petitioner Rodolfo Manuel.

Private respondents, as plaintiffs, instituted an action before the Court of Agrarian Relations in Bulacan, seeking to exercise the right of redemption over a parcel of riceland, situated at Bo. Niugan, Angat, Bulacan with an area of 7,000 square meters, more or less, in their capacity as heirs of the late Eduardo Manuel, the alleged agricultural lessee of the said landholding.

The lower court dismissed the action on the ground that private respondents were not entitled to redeem the property since the right belonged to the late Eduardo Manuel (husband of respondent Enriqueta Manuel and father of the other respondents), who, during his lifetime failed to exercise the same. On appeal, the Court of Appeals set aside the lower court's order of dismissal and ruled that Enriqueta Manuel succeeded her husband Eduardo Manuel as agricultural lessee of the landholding in question and therefore has the right to redeem the same in accordance with the provisions of the Agricultural Land Reform Code, and ordering the following:

"a) the plaintiff appellant Enriqueta Manuel is declared tenant lessee of the landholding in question, having succeeded her husband Eduardo Manuel;

b) Enriqueta Manuel is declared as having the right to redeem the landholding in question;

c) the Complaint of the other plaintiffs-appellants is dismissed;

d) the appellees (herein petitioners) are hereby ordered to submit to the lower court the Deed of Sale or other deed of conveyance executed by Emerenciana Manuel in favor of Rodolfo Manuel within 10 days from finality of this judgment, giving notice of such submission to Enriqueta Manuel;

e) Enriqueta Manuel is ordered to make a tender or consignment of a reasonable amount as redemption price within thirty (30) days from notice of such submission mentioned in the preceding paragraph hereof;

f) this case is remanded to the lower court so that it may explore the possibility of the parties arriving at an agreement on the reasonable amount at which the land should be redeemed, the parties being relatives, such agreement to be arrived at within a period of 30 days from finality of this judgment; and if within such period,

no agreement is arrived at, the lower court is ordered to refer immediately the matter of determination of the redemption price to the Department of Agrarian Reform, which shall implement its rules and regulations on land valuation in this case."

From this ruling, the petitioners interposed the present appeal, which we find without merit.

The landholding in question originally belonged to Irene Manuel until she donated the same to her sister Emerenciana Manuel. Sometime in 1965, Emerenciana sold the property to their brother Rodolfo, one of herein petitioners. During all this time, the landholding had been tenanted by their other brother Eduardo and who had been cultivating the land for over 20 years. Even after the sale to Rodolfo, Eduardo remained in possession of the landholding. After his death in 1971, his widow Enriqueta and children succeeded him in the possession and cultivation thereof.

Since the appellate court already made the factual finding that the late Eduardo Manuel was the agricultural lessee of the landholding, the issue at bar is whether Eduardo Manuel's successor-in-interest may exercise the right of redemption.

Section 10 of the Agrarian Land Reform Code provides that in case the agricultural lessor sells, alienates or transfers the legal possession of the landholding, the purchaser or transferee thereof is subrogated to the rights and substituted to the obligations of the agricultural lessor. The tenancy relationship is not affected or severed by the change of ownership. The new owner is bound to respect and maintain the tenants' landholding. Since it is indisputably established that Eduardo Manuel was the agricultural lessee of the landholding in question, the tenancy relationship continued between Eduardo and the buyer Rodolfo even after the change of ownership of the property.

Petitioners argue that assuming that there is a right of redemption, such right was a personal right of Eduardo Manuel which is not transmissible to the private respondents upon his death. This is untenable. Agricultural leasehold relationship is not extinguished by the death or incapacity of the parties. In case the agricultural lessee dies or is incapacitated, the leasehold relation shall continue between the agricultural lessor and any of the legal heirs of the agricultural lessee who can cultivate the landholding personally, in the order of preference provided under Section 9 of Republic Act 3844, as chosen by the lessor within one month from such death or permanent incapacity. Since petitioner Rodolfo Manuel failed to exercise his right of choice within the statutory period, Eduardo's widow Enriqueta, who is first in the order of preference and who continued working on the landholding upon her husband's death, succeeded him as agricultural lessee. Thus, Enriqueta is subrogated to the rights of her husband and could exercise every right Eduardo had as agricultural lessee, including the rights of pre-emption and redemption.

As against petitioners' claim that Eduardo Manuel had actual knowledge of the sale of the landholding, the appellate court's factual findings show the contrary as follows: "In the instant case no such notice of the intention to sell was ever served upon the lessee, much less had he been offered the land for a price certain: the deed of sale had not been shown to Eduardo, neither had it been registered; thus appellants do not even know for how much the land was sold. We are of the considered opinion that the absence of notice upon the lessee Eduardo Manuel of lessor's intention to sell the property, the concealment of the deed of sale by the appellees, the non-registration of said deed of sale and the ignorance on the part of the appellants as to how much the property was sold, all fairly justify appellees' failure to make tender or consignment of the redemption price. It seems only equitable, therefore, that appellees should be given the chance to make such tender or consignment, and thereafter to redeem the landholding in question." The applicable law at that time, Section 12 of Republic Act 3844 provides for the right to redeem the same at a reasonable price and consideration within two years from the registration of the sale. In the instant case the sale of the landholding by Emerenciana Manuel to Rodolfo Manuel had not yet been

registered. The period, therefore, within which respondents may exercise their right of redemption had not even started to run. As was held in the case of *Padasas vs. Court of Appeals*:^[2] "(T)he law is very clear and explicit that the two-year period to redeem must be counted from the date of the registration of the sale and no amount of knowledge or notice can create legal right as against the respondent until after the title to the property has passed to her. While actual notice has been held to be equivalent to registration in some cases, said doctrine is inapplicable in view of the definite, decisive and positive provisions of Section 12, Republic Act 3844 that the two-year period must be counted from the registration of the sale."

The rationale for the rule is expressed, thus: —

"The Agricultural Land Reform Code is a social legislation designed and enacted to solve the agrarian unrest, one of the country's most pernicious problems that have strangled the economic growth of the nation. The abject misery and poverty of farmers and their families are the direct results of this ancient slavery to the soil, the bonds of which the Code now seeks to unshackle. A liberal interpretation of its provisions is imperative to give full force and effect to its clear intent. To hold the tenant bound with constructive notice upon mere knowledge of the intended sale would limit and even shorten the two-year period within which he may exercise the right of redemption. It would be an interpretation that he is contrary and nugatory to the clear provisions of the Code that the two-year period must be counted from the date of registration of the sale."^[3]

As to the payment of the redemption price, the appellate court correctly held that 'in the absence in the record of any competent and convincing evidence on the matter, this Court is of the considered opinion that the agencies that could best determine the reasonable value of the land in question are the lower court itself or the Department of Agrarian Reform after receiving proper evidence on the productivity and accessibility of the land. Moreover, it is the Department of Agrarian Reform which has its implementing rules and regulations relative to the valuation of lands being transferred to tenant-purchasers. This Court, through Presidential Decree No. 946, has been empowered lately to do everything necessary for a complete and just disposition of the CAR cases appealed to it."

ACCORDINGLY, judgment is hereby rendered affirming the appealed decision. No pronouncement as to costs.

Plana, Vasquez, Relova, and Gutierrez, Jr., JJ., concur. Melencio-Herrera, J., took no part.

* Fourth Division, composed of San Diego, J., ponente and Melencio-Herrera and Agcaoili, JJ.

[1] Sec. 12 of Republic Act 3844 has since been amended. The period of redemption is now one hundred eighty (180) days from notice in writing served by the vendee on the lessee and the Department (now Ministry) of Agrarian Reform upon the registration of the sale. See *Agustin's Code of Agrarian Reforms*, pages 46-50 and R.A. 6389, enacted Sept. 10, 1971.

[2] 82 SCRA 250 (1978).

[3] *Idem*, at page 259.

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