

FELIX DE JESUS, PETITIONER, VS. HON, COURT OF APPEALS, SIXTH DIVISION; AND SPOUSES FERNANDO CALUAG, AND LUCENA HERNANDEZ, RESPONDENTS.

G.R. No. L-33671. July 28, 1972

Ponente: TEEHANKEE, J.

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TEEHANKEE, J.:

Appeal by certiorari from a decision of the Court of Appeals denying petitioner-agricultural lessee's timely claim to redeem and repurchase the parcel of agricultural land from private respondents-purchasers.

There is no dispute about the antecedent facts as narrated by the appellate court in its adverse decision of March 12, 1971.

Respondents had filed a complaint with the court of agrarian relations in Malolos, Bulacan, for the ejectment of petitioner-lessee from an agricultural parcel of land in Barrio Sta. Rita, Guiguinto, Bulacan, with an area of 1.874 hectares and covered by transfer certificate of title No. T-50758, with damages and attorney's fees. Respondent Fernando Caluag alleged that he had duly notified petitioner in writing by registered mail on September 29, 1964 of his desire to personally cultivate the land purchased by him but that petitioner had refused to vacate the land.

Petitioner filed his answer with counterclaim admitting respondents' acquisition by purchase of the land but alleged in his counter-claim that he was not notified by the former owners, Mario Caparas and Rogelia Babaan, of their intention to sell the land thereby depriving him of his legal right of pre-emption; and that he was now exercising his legal right to redeem the landholding from respondents-purchasers for the same price of P6,000.00 they had paid. On August 4, 1966, petitioner duly deposited the redemption amount of P6,000.00 with the agrarian court.

The agrarian court, however, rendered judgment on May 7, 1968 ordering petitioner's ejectment and dismissing his counterclaim for redemption of the land as the agricultural lessee thereof, notwithstanding its express finding that petitioner was such lessee.

Petitioner appealed in due course to the appellate court, assigning as lone error the agrarian court's denial of his counterclaim for redemption of the land in question.

The appellate court ruled in its appealed decision that "(C)onsidering that Republic Act No. 3844 was enacted to improve the condition of the agricultural tenants and agricultural lessees, one of the privileges given to the tenant or lessee is the right to acquire the ownership of the landholding leased to him by purchase. The rights of pre-emption and redemption given to the lessee under Sections 11 and 12 are cumulative. If for any reason the lessee fails to exercise his right of pre-emption, he may still exercise the right of redemption under Section 12. This is necessary in order not to make Section 11 an empty gesture * * *."

Section 11 of the agricultural land reform code, (Republic Act No.3844, enacted on August 8, 1963) which was

the applicable statute, as referred to by the appellate court, grants the agricultural lessee or tenant[1] the right of preemption or "the preferential right to buy the (landholding) under reasonable terms and conditions * * * within ninety days from notice in writing" of the landowner's decision to sell.[2] Section 12 of the same code grants the agricultural lessee or tenant the right of redemption or "the right to redeem the same at a reasonable price and consideration * * * within two years from the registration of the sale." [3]

The appellate court found that while the former owners gave actual notice in writing of their intention to sell the property, the notice thus given was legally insufficient for not stating the principal terms and conditions of the sale "which the intended vendor (landowner) desires" to enable the agricultural lessee or tenant to properly exercise the right of preemption.

The appellate court also found as undisputed facts — the parties having submitted the case on a stipulation of facts — that respondents' deed of sale was registered in the office of the register of deeds on September 15, 1964 and that petitioner's deposit on August 4, 1966 of the repurchase price of P6,000.00 pursuant to his counterclaim in his answer of January 28, 1966 asking the agrarian court to enforce his right of redemption was well within the period of two years given him by section 12 of the agricultural land reform code.

After the agrarian court's adverse decision dated May 7, 1968, petitioner through counsel filed on May 24, 1968 an ex-parte motion to withdraw the redemption, sum of P6,000.00 on deposit with the clerk of court, merely stating that he "deemed it proper to withdraw the sum", which the agrarian court granted in its order dated May 28, 1968, and the amount was released to petitioner on June 10, 1968. Four days later or on June 14, 1968, petitioner appealed the agrarian court's adverse decision to the appellate court.

The appellate court premised its adverse decision on the question posed by itself as to "what is the legal effect of the withdrawal of P6,000.00 from the court after judgment is rendered denying redemption and before an appeal therefrom is perfected?" [4]

While recognizing the well-established jurisprudence that the timely exercise of the right of legal redemption requires either a valid tender of the price or valid consignation thereof, the appellate court adjudged that petitioner did not make a valid tender of payment which "requires that he should offer the payment to the purchaser. This was not done by the (petitioner)" who, according to the appellate court, made the tender only in his answer filed with the agrarian court.

The appellate court conceded, however, that petitioner's deposit in court of the redemption price of P6,000.00 was made well within the statutory two-year period for redemption, besides confirming petitioner's readiness and ability to pay the same, remarking that "had the appellant left the amount deposited with the court until the final termination of this case there would have been no doubt that he really properly exercised his right of redemption."

The appellate court nonetheless affirmed the agrarian court's adverse decision disallowing redemption, tenuously holding that petitioner, in withdrawing the redemption amount deposited in court upon the court's authority, "has changed his mind and decided not to repurchase the property" and "forfeited his right to redeem," as follows:

"Inasmuch as on May 24, 1968, he withdrew the amount so deposited in court, with the authority of the Court but without the knowledge of the plaintiff, we find that the appellant has changed his mind and decided not to repurchase the property. This, he had the right to do, considering that his right to redeem was still at issue. We believe with the appellant that in making such decision, he did not need the consent of the appellee. He, therefore, acted within his right when he filed the ex-parte motion on May 24, 1968 which brought about the withdrawal of the money deposited by him with the Agrarian Court. In so doing, however, he forfeited his right to redeem."

The Court sustains petitioner's appeal.

The appellate court's conclusion that "appellant (petitioner) has changed his mind and decided not to repurchase the property," while recognizing that he had a perfect right to withdraw his deposit and that his right to redeem was still at issue, is untenable in law. Neither do we find any support in law for the appellate court's ruling that in so withdrawing the amount on deposit, while actively pursuing his appeal and insisting on his right to exercise the right of redemption, petitioner should be deemed to have "forfeited his right to redeem."

The appellate court failed to take into account that the timely deposit in the agrarian court of the redemption price of P6,000.00 constituted a valid tender of payment, and that as held in *Butte vs. Manuel Uy & Sons, Inc.*,^[5] the withdrawal of the deposit or consignment during the pendency of the case does not affect the right of redemption, such redemption being optional and not compulsory. The Court therein distinguished only the legal consequences in that "no actual redemption would have been legally made until the price is in fact paid to the appellee (purchaser) * * * (who) therefore continues to be the owner of the (property) * * * and is entitled to the fruits and benefits accruing * * * until the redemption price is actually delivered." Hence, the Court, by virtue of such withdrawal of the amount deposited during the pendency of the case, eliminated from its judgment therein its order for the purchaser-appellee to accept the consigned price and to account for the rentals and fruits of the redeemed property from the time of purchase, and instead ordered the said purchaser-appellee to execute a deed of conveyance of the property in favor of redemptioner-appellant upon payment by the latter of the redemption sum within sixty (60) days from finality of the judgment.

Accordingly, petitioner was under no obligation, after having bona fide and timely tendered, payment of the redemption price and shown his readiness to pay the same, to keep his money frozen on deposit with the agrarian court, while he pursued on appeal a judicial confirmation of his right to exercise the right of redemption granted him by law – which was being resisted by respondents and was being denied him by the lower court.

Wherefore, the appealed decision is hereby set aside and reversed, and judgment is hereby rendered authorizing petitioner's redemption of the land subject-matter hereof and ordering private respondents to execute a deed of absolute conveyance thereof in favor of petitioner upon payment by the latter of the sum of P6,000.00 within sixty (60) days from the time this decision becomes final. With costs in all instances against respondents. So ordered.

Concepcion, C.J., Reyes, J. B. L., Makalintal, Zaldivar, Castro, Fernando, Barredo, Makasiar, Antonio, and Esguerra, JJ., concur.

Decision reversed.

[1] See *Hidalgo vs. Hidalgo*, 33 SCRA 105 (May 29, 1970).

[2] By section 2 of Rep. Act No. 6389, known as the Code of Agrarian Reforms, enacted on September 10, 1971, this section was amended to strengthen the lessee's right of preemption, inter alia, by increasing the period for the exercise of such right to 180 days from written notice.

[3] By the same section 2 of Rep. Act No. 6389, this section was also amended likewise to strengthen the lessee's right of redemption, inter alia, by providing that "the redemption price shall be the reasonable price of the land at the time of the sale." The period for the exercise of such right was however reduced to 180 days from written notice,

[4] *Rollo*, page 25.

[5] 4 SCRA 526; resolution at p. 964, (1962) per J. Reyes, J. B. L., emphasis and notes in parentheses supplied.

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