

SPOUSES ANICETAS LACSON & LETICIA BASILIO, PETITIONERS, VS. CELESTINO PINEDA, ET AL., RESPONDENTS.

G.R. No. L-28523. July 16, 1971

Ponente: CONCEPCION, C.J.

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CONCEPCION, C.J.:

The spouses Anicetas Lacson and Leticia Basilio - hereinafter referred to as the Lacsons - seek the review of a decision of the Court of Appeals modifying that of the Court of Agrarian Relations - hereinafter referred to as the CAR - Fifth Regional District, Branch XX, stationed at San Fernando, Pampanga.

The background facts, as found by the Court of Appeals, are:

"Donata Carlos or Cresencia Gomez, mother of defendant Mardonio Carlos, used to be the owner of ten and a half (10-1/2) hectares of land, situated in San Matias, Sto. Tomas, Pampanga, and composed of Lots 28, 49 and 66, all of the Cadastral Survey of San Fernando, Pampanga. The land is devoted to palay, and several persons have made cultivations thereon. After liberation, or in the year 1946, Mardonio Carlos inherited the property. On May 28, 1963, Mardonio Carlos and his wife, Cesarea Sazon, entered into a contract entitled "Agreement of Sale of Real Properties" with their co-defendants, the spouses Anicetas Lacson and Leticia Basilio, whereby the vendors promised and undertook to sell Lots 28 and 49, containing an area of 5.5574 hectares, to the vendee upon full payment by the latter of the consideration of P16,672.00. Exhibit 1-Carlos. On October 28, 1963, an instrument of absolute sale was executed by Mardonio Carlos and Cesarea Sazon in favor of Anicetas Lacson and Leticia Basilio stating that the vendors sell and convey the two lots above-mentioned for and in consideration of the sum of P10,000. Exhibit 2-Carlos.

"On April 30, 1964, following unsatisfied extrajudicial demands for redemption, plaintiffs Celestino Pineda and Fausto David filed the instant suit in court against the two sets of couple aforementioned, praying to be allowed to redeem 'their respective landholdings' in the two lots, and for damages. Their cause of action is based on Sections 11 and 12 of Republic Act No. 3844, otherwise known as the Agricultural Land Reform Code, providing as follows:

'SEC. 11. Lessee's Right of Pre-emption. - In case the agricultural lessor decides to sell the landholding, the agricultural lessee shall have the preferential right to buy the same under reasonable terms and conditions: Provided, That the entire landholding offered for sale must be pre-empted by the Land Authority if the landowner so desires, unless the majority of the lessees object to such acquisition: Provided, further, That where there are two or more agricultural lessees, each shall be entitled to said preferential right only to the extent of the area actually cultivated by him. The right of pre-emption under this Section may be exercised within ninety days from notice in writing, which shall be served by the owner on all lessees affected.'

'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 re-deem the same at a reasonable price and consideration: Provided, That the entire land-holding sold must be redeemed: Provided, further, 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 redemption under this Section may be exercised within two years from the registration of the sale, and shall have priority over any other right of legal redemption.'

"In their complaint the plaintiffs alleged that they are the tenants of Mardonio Carlos and Cesarea Sazon on the two lots in question, Pineda's landholding being 2.5 hectares while that of David being 1.9 hectares; that they were not notified of the sale of the two lots to the Lacsons nor were the lots offered to be sold to them; and that they are ready and willing to redeem their respective landholdings.

"In their separate answers the defendants denied the status of plaintiffs as tenants on the land sold, claiming that the sole lessee-tenant thereon was Igmidio Mendoza. They admitted that the plaintiffs were not notified of the sale, but claimed that there was no necessity for such notice because plaintiffs are not tenants. It was averred that Igmidio Mendoza was informed of the sale and the land was offered to him but that he expressed his inability to buy the property.

"The court a quo found that plaintiffs are tenants on Lots 28 and 49; that they were not notified of the sale; that the sale was consummated on October 28, 1963; and that the consideration is P10,000.00 and not P16,672.00. Upon the foregoing findings, the court decided for the plaintiffs." [1]

The dispositive part of the CAR decision is as follows:

"In the light of the foregoing x x x, we are of the considered opinion that the plaintiffs in this case (Celestino Pineda and Fausto David), are entitled to redeem their landholdings of about 2.5 and 1.9 hectares, respectively, which were sold by their landholders on October 28, 1963 without previous notice to them, pursuant to and in accordance with the provisions of Sections 11 and 12, Rep. Act 3844.

"WHEREFORE, conformably to this opinion, we hereby render judgment in this case declaring the herein plaintiffs entitled to the provisions of Section 12, Rep. Act 3844, and authorizing said plaintiffs to redeem their landholdings mentioned hereinbefore from defendants Lacsons, the redemption to be effected and concluded in the manner as follows:

"1. Within ten (10) days from the finality of the decision, respondents Lacsons shall turn over to the Register of Deeds of this province their Transfer Certificates of Title Nos. 35034 and 35035 covering the property in question who shall, upon receipt thereof, cancel the same and issue new certificates of title jointly in the names of plaintiffs Celestino Pineda and Fausto David and their spouses, which new certificates of title shall be forwarded to the Clerk of this Court within five (5) days;

"2. Within sixty (60) days from receipt of the certificates of title above-mentioned by the Clerk of this Court, plaintiffs Pineda and David shall deposit with the said official the amount of P10,000.00 in cash to guarantee the payment of the redemption price mentioned herein to defendants Lacson;

"3. Within ninety (90) days from receipt of the certificates of title, the plaintiffs shall undertake at their expense the subdivision of the two (2) parcels of land covered by said titles into three (3) separate parcels, two (2) of which shall correspond to the actual areas of their respective landholding, and the other the remainder, and shall have the subdivision plans thereof approved by the competent court in their names and in the name of defendants Anicetas Lacson and Leticia Basilio. They shall retain the certificates of title corresponding to them and deliver the third certificate to the Clerk of this Court who shall transmit the same to defendants Lacson without delay;

"4. The Clerk of Court shall determine and compute the amount of the redemption price to be paid by each plaintiff by taking into consideration the areas of their respective landholding multiplied by P2,000.00 per hectare or P0.20 per square meter, the said official seeing to it that any excess in the deposit of the plaintiffs, if any, be returned to them, and the total resulting redemption price delivered immediately to defendants Lacson.

"The complicated mechanics or procedure outlined above to effect the redemption of the landholdings of the

plaintiffs, is necessary considering that the 5-1/2 hectares sold by defendants Carlos involved in this litigation, covers not only the landholdings of said plaintiffs aggregating in all to 4.4 hectares, more or less, but also a portion of the landholding of Igmidio Mendoza of about 1.1 hectares. Without the court outlining herein the procedure to be followed, it is difficult, if not impossible, in this case to carry into effect the redemption provided for by law."[2]

On appeal taken by the Lacsons, said decision was affirmed, with a slight modification, by the Court of Appeals. The dispositive part of the latter's decision reads:

"It results from all the foregoing that the appealed judgment should be affirmed, with a modification on two points of importance. First, the lower court erred in allowing appellee Fausto David to redeem 1.9 hectares of land. It is true that as alleged in the complaint this was the area of his landholding, but at the trial it was clearly shown that his landholding on the disputed lots is 1.5 hectares only. (p. 9, t.s.n., Jan. 12-13, 1965). Fausto David, therefore, can redeem no more than 1.5 hectares. Secondly, the court a quo erred in placing the value of the land, and requiring the tenants to redeem, at P2,000.00 per hectare. The two lots, which were sold for P10,000.00, have an aggregate area of 5.5574 hectares. The price by the hectare, therefore, should be P1,781.41 only.

"With the above modifications, the judgment appealed from is hereby affirmed in all other respects with costs against the appellants."[3]

Hence, this appeal by the Lacsons, who allege that the Court of Appeals had gravely erred: (1) "in ruling that the provision of the Agricultural Land Reform Code on redemption is applicable to the sale of the landholding subject to this instant case"; (2) "in not ruling that the date of registration of the sale is not the date of the perfection of the contract"; (3) "in not considering the question of lack of jurisdiction of the Court of Agrarian Relations to hear the case"; and (4) "in making a conflicting findings of fact."

On account of its importance, the third assignment of error will be taken up first. Appellants maintain that the CAR had no jurisdiction to hear this case because the proclamation provided in section 128 (5) of the Agricultural Land Reform Code (Rep. Act No. 3844) was not issued, insofar as the Municipality of Sto. Tomas, Pampanga, where the lots in question are located, is concerned, until August 8, 1966, or after the institution of this case on April 30, 1964 and the rendition of judgment therein on April 21, 1966. We find no merit in this pretense.

Pursuant to said section 128 (5):

"SEC. 128. Functions of National Land Reform Council. - It shall be the responsibility of the Council:

"xxx xxx xxx

"(5) To proclaim in accordance with the provisions of this Code, which proclamation shall be considered as having been promulgated immediately after three successive weekly publications in at least two newspapers of general circulation in the region or locality affected by the proclamation, preference being given to local newspapers, if any, that all the government machineries and agencies in any region or locality relating to leasehold envisioned in this Code are operating: Provided, That the conversion to leasehold in the proclaimed area shall become effective at the beginning of the next succeeding agricultural year after such promulgation: Provided, further, That the proclamation shall be made after having considered factors affecting feasibility and fund requirements and the other factors embodied in Sections one hundred twenty-nine, one hundred thirty and one hundred thirty-one."

The jurisdiction of the Court of Agrarian Relations is governed, not by this section, but by section 154 of Rep. Act No. 3844, which provides:

"SEC. 154. Jurisdiction of the Court. - The Court shall have original and exclusive jurisdiction over:

"(1) All cases or actions involving matters, controversies, disputes, or money claims arising from agrarian relations: Provided, however, That all cases still pending in the Court of Agrarian Relations, established under Republic Act Numbered Twelve hundred and sixty-seven, at the time of the effectivity of this Code, shall be transferred to and continued in the respective Courts of Agrarian Relations within whose district the sites of the cases are located;

"(2) All cases or actions involving violations of Chapters I and II of this Code and Republic Act Numbered Eight hundred and nine; and

"(3) Expropriations to be instituted by the Land Authority: Provided, however, That expropriation proceedings instituted by the Land Tenure Administration pending in the Court of First Instance at the time of the effectivity of this Code shall be transferred to and continued in the respective Courts of Agrarian Relations within whose district the subject matter or property is located."

Inasmuch as the case at bar involves a matter, controversy or dispute "arising from agrarian relations" - the right of tenants, when the land cultivated by them is sold to a third party, to redeem it from the latter, and whether appellees Pineda and David are tenants of Mardonio Carlos - and petitioners' refusal to allow the redemption is violative of section 12 of Rep. Act No. 3844, it is clear that the CAR had jurisdiction to hear and decide this case.

Petitioners argue that "the Land Reform Code is not in full force and effect in the absence of the proclamation required in Sec. 128(5) thereof," from which premise they deduce that, prior to the issuance of said proclamation, "the enforceability of the law was still suspended," and then they draw the conclusion that the CAR had no jurisdiction "to hear the case". Petitioners' minor premise and their aforementioned conclusion cannot be accepted.

To begin with, the major premise - to the effect that the Agricultural Land Reform Code "is not in full force and effect" in the absence of said proclamation - does not necessarily negate the effectivity of some or part of the provisions of said Code. Hence, the minor premise - which impliedly negates the enforceability of the entire or whole Code, including that of section 12 thereof, vesting in the lessees the right of redemption asserted by appellees Pineda and David - does not follow necessarily from said major premise. Thus, for instance, there can be no doubt that Chapter VII of said Code, entitled "Land Reform Project Administration," is in force, independently of the proclamation above referred to. In fact, by invoking section 128 - which is part of said Chapter VII - petitioners, in effect, admit that said provision is in force.

Independently of the foregoing, neither premise nor both premises justify the conclusion that the CAR had no "jurisdiction" to "hear" this case. Said premises, if correct,[4] might show that it was improper or a mistake to apply said section to the present case. Such hypothetical mistake implied, however, no more than an error in the exercise of the CAR's jurisdiction, not a lack of jurisdiction.

Referring now to the first assignment of error, we note that petitioners herein merely assume, and have not even tried to show, that section 12 of Rep. Act No. 3844 is one of the provisions whose enforceability is dependent upon the issuance of the above-mentioned proclamation. Upon the other hand, we had occasion to hold otherwise in *Hidalgo v. Hidalgo*,[5] from which We quote:

"5. It would certainly result in absurdity, contradictions and injustice if a share tenant would be denied the rights of pre-emption and redemption which he seeks to exercise on his own resources, notwithstanding that the National Land Reform Council has not yet proclaimed that all the government machineries and agencies in the region or locality envisioned in the Code are operating - which machineries and agencies, particularly, the Land Bank were precisely created 'to finance the acquisition by the Government of landed estates for division and resale to small landholders, as well as the purchase of the landholding by the agricultural lessee from the landowner. The non-operation in the interval of the Land Bank and the government machineries and agencies in the region which are envisioned in the Code to assist the share tenant in shedding off the yoke of tenancy

and afford him the financial assistance to exercise his option of electing the leasehold system and his preferential right of purchasing the land cultivated by him could not possibly have been intended by Congress to prevent the exercise of any of these vital rights by a share tenant who is able to do so, e.g. to purchase the land, on his own and without government assistance. It would be absurd and unjust that while the government is unable to render such assistance, the share tenant would be deemed deprived of the very rights granted him by the Code which he is in a position to exercise even without government assistance.

"6. Herein lies the distinction between the present case and *Basbas vs. Entena* (L-26255, June 30, 1969) where the Court upheld the agrarian court's dismissal of the therein tenant's action to redeem the landholding sold to a third party by virtue of the tenant's failure to tender payment or consign the purchase price of the property. There, the tenant-redemptioner was shown by the evidence to have no funds and had merely applied for them to the Land Authority which was not yet operating in the locality and hence, the Court held that no part of the Code 'indicates or even hints that the 2-year redemption period will not commence to run (indefinitely) until the tenant obtains financing from the Land Bank, or stops the tenant from securing redemption funds from some other source.' In the present case, the petitioners-tenants' possession of funds and compliance with the requirements of redemption are not questioned, the case having been submitted and decided on the sole legal issue of the right of redemption being available to them as share tenants. The clear and logical implication of *Basbas* is where the tenant has his own resources or secures redemption funds from sources other than the Land Bank or government agencies under the Code, the fact that the locality has not been proclaimed a land reform area and that such government machineries and agencies are not operating therein is of no relevance and cannot prejudice the tenant's rights under the Code to redeem the landholding."

No plausible reason has been adduced, and We find none, to warrant a departure from the foregoing ruling, which is hereby reiterated.

In an effort to avoid the application of Rep. Act No. 3844, approved on August 8, 1963, petitioners insist that the sale in their favor was perfected prior thereto, or on May 28, 1963, the date of Exh. 1-Carlos, and that the "Deed of Absolute Sale," Exh. 2-Carlos, executed on October 28, 1963, is merely the consummation of the undertakings set forth in Exh. 1-Carlos. In this connection, the CAR said:

"The defendants contended x x x that the sale of the 5-1/2 hectares to the Lacsons, should be considered perfected or consummated on May 28, 1963 or before the approval of Rep. Act 3844, when the sum of P9,000.00 was paid as per Exh. 1, and not on October 28, 1963 or after the passage of said law when the last payment of P7,672.00 was made. A careful reading of the said document, however, will show that the same is not actually an 'Agreement of Sale' as its heading indicates, but only a 'promise to sell' on the part of Atty. Carlos under certain conditions to be complied with by the Lacsons. The amount of P9,000.00 mentioned therein is not an initial payment of the purchase price, but was an 'anticipo' or 'earnest money' which may be lost by the Lacsons in the event they shall fail to comply with the conditions mentioned in the document. This contention is clearly borne out by the following stipulations in Exh. 1, to wit:

'And if the vendees fail or refuse to pay the amount (P7,672.00) within the period ending December 31, 1963, then the whole amount of P9,000.00 paid at the time of the execution of this deed shall be deemed forfeited in favor of the vendors.' (Underlining ours).

"Needless to state, the condition above-quoted is not characteristic of a sale on installments, as the defendants would like this court to consider the sale of the property in question, but it is one usually found in agreements or promises to sell with 'earnest money' to guarantee the vendor from any loss or damage arising from non-fulfillment of the obligation of the vendee." [6]

The Court of Appeals sustained this conclusion in the following language:

"For the evident purpose of taking away this case from the ambit of the Agricultural Land Reform Code, which

took effect upon its approval on August 8, 1963, appellants argue that the sale of the two lots was consummated on May 28, 1963, when the spouses Mardonio Carlos and Cesarea Sazon executed the document Exhibit 1. This argument cannot be sustained, for as aptly observed by the lower court, the Carloses did not sell, but merely promised to sell, the two lots on May 28, 1963. It was on October 28, 1963, upon full payment of the purchase price by the appellants, that the Carloses executed an absolute deed of sale, Exhibit 2, and only as of that date can the two lots in question be considered to have been sold. Anent the consideration, the recital in the deed of sale that the two lots were sold for a price of P10,000.00 overrides the verbal claim of Irineo Lacson that his son, appellant Anicetas Lacson, paid P16,672.00. No explanation was given by the defendants why stated consideration of P10,000.00 was placed in the deed of sale, in the preparation of which the tenants did not have a hand, if the amount paid was really P16,672.00. We choose to rely on the solemn recitals of a public document, because they are less susceptible of perversion than the spoken word."

We are fully in accord with these views. Indeed, petitioners herein did not bind themselves in Exh. 1-Carlos to buy the lots in question. They delivered the sum of P9,000.00 to the spouses, Mardonio Carlos and Cesarea Sazon, who promised to sell, transfer and convey said lots to the Lacsons upon full payment of the aggregate sum of P16,672.00, with the understanding that, should the Lacsons fail or refuse to pay the sum of P7,672.00 on or before December 31, 1963, in addition to the aforementioned sum of P9,000.00, the latter would be deemed forfeited in favor of the Carloses. Since the petitioners had not bound themselves to pay the additional sum of P7,672.00 and could not, accordingly, be compelled to pay it, said Exh. 1-Carlos partakes more of the nature of a promise to sell on the part of the Carloses and an option to buy on the part of petitioners herein.

Moreover, Exh. 2-Carlos, dated October 28, 1963, makes no reference whatsoever to Exh. 1-Carlos. The former does not purport to have been executed in compliance with the provisions of the latter. Besides, Exh. 2-Carlos is an outright sale to the petitioners, not for the price of P16,672.00 stated in Exh. 1-Carlos, but for the sum of P10,000.00. And petitioners have not even tried to explain why the consideration stated in Exh. 2-Carlos is P10,000.00, not P16,672.00. Obviously, Exh. 2-Carlos had novated the agreement contained in Exh. 1-Carlos. In this sense, Exh. 2-Carlos is a new contract, and having been executed when Rep. Act No. 3844 was already in force, it is manifestly subject to the provisions thereof, particularly section 12 of said Act establishing the right of redemption of the lessee or tenant.

Under the last assignment of error, it is urged that the Court of Appeals had made contradictory statements in its decision, in that, on the one hand, it had - it is claimed - held that petitioners had first paid P9,000.00, and later delivered P7,672.00, or the aggregate sum of P16,672.00, but, thereafter, concluded that the total price paid by them was only P10,000.00, not P16,672.00. No such flaw exists in said decision. In support of their pretense, petitioners quote, in their brief, from page 11 of copy of the appealed decision (attached to the petition herein as Annex A), a statement regarding the alleged payment of the sums of P9,000.00 and P7,672.00. Said statement was, however, a part of the narration of petitioners' theory, which they tried to prove. The fact is that Exh. 2-Carlos explicitly states that the price paid by them was P10,000.00, and that no evidence has been introduced or effort made to explain it. Inasmuch as the disputed finding of fact of the Court of Appeals is based upon and borne out by Exh. 2-Carlos, on which the rights of petitioners herein are anchored, such finding is final in this proceeding for review on certiorari.

WHEREFORE, the appealed decision of the Court of Appeals should be, as it is hereby affirmed, with costs against the petitioners.

IT IS SO ORDERED.

Reyes, J.B.L., Makalintal, Zaldivar, Fernando, Teehankee, Barredo, Villamor, and Makasiar, JJ., concur.

Dizon, J., took no part.

Ruiz Castro, J., on leave.

[1] Rollo, pp. 55-58.

[2] CAR Decision, pp. 22-24.

[3] Rollo, pp. 67-68.

[4] The minor premise is obviously erroneous.

[5] L-25326-27, May 29, 1970.

[6] CAR Decision, pp. 19-20.

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