

FILOMENO CATORCE, PETITIONER, VS. COURT OF APPEALS AND PEDRO BAGAYAWA, RESPONDENTS.

G.R. No. 59762. May 11, 1984

Ponente: MELENCIO-HERRERA, J.

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MELENCIO-HERRERA, J.:

Petitioner Filomeno Catorce, a pauper litigant, seeks a review of the decision of the then Court of Appeals in CA-G.R. No. SP-13089-CAR setting aside, on a procedural ground, the judgment rendered in his favor by the former Court of Agrarian Relations, Branch II, Naga City, in CAR Case No. 6676-CS-80, for Reinstatement, Fixing of Leasehold Rentals and Damages, which he filed against private respondent Pedro Bagayawa.

The controversy stemmed from the following facts:

In 1954, petitioner was instituted tenant over a parcel of irrigated rice land situated at Sta. Cruz, Buhi, Camarines Sur, with an area of .7065 hectare, by the owner thereof, Simeona Merilles. Their agreement was subject to the condition that petitioner would shoulder all the expenses of production under a sharing system of 1/4 - 3/4 in favor of petitioner. The landholding in question was planted to rice two times a year, the "cataunan" cropping season covering the period from June to November, and the "doble", covering the period from December to May, with the highest production at 25 cavans per cropping season.

In 1960, the property was mortgaged by the landowner to Andrea Bagayawa, mother of respondent, who from that time on, received the landowner's share of the harvest from petitioner.

In October, 1977, Andrea took possession of the land without petitioner's knowledge and consent, and caused the cultivation thereof without giving any share of the harvest to petitioner. The latter tried to retrieve possession but Andrea told him that she would work the land for the "cataunan" season only to recover the expenses she had incurred in the cultivation of the land. Petitioner acceded to buy peace.

After the "cataunan" cropping season, petitioner tried again to get possession but Andrea and her son, respondent Pedro Bagayawa, refused and, instead, continued tilling the land. Petitioner reported the incident to the Office of the Ministry of Agrarian Reform at Nabua, which sent mediation notices to Andrea^[1], but the latter never appeared. Petitioner, assisted by the Bureau of Agrarian Legal Assistance of the Ministry of Agrarian Reform, then filed a Complaint with the Agrarian Court (CAR Case No. 6040) on January 9, 1980 which was, however, dismissed without prejudice for not having passed first the Lupon Pambarangay as mandatorily required by Presidential Decree No. 1508. Andrea died on January 30, 1980, and respondent, her son, took over possession of the land.

On November 20, 1980, petitioner again filed a Complaint for Reinstatement, Fixing of Leasehold Rentals and Damages against Andrea's successor-in-interest, respondent Pedro Bagayawa. The latter failed to file an Answer within the reglementary period. The case was then set for hearing, notice of which was served upon respondent, but the latter did not appear, and petitioner was allowed to present his evidence by affidavits.

On April 22, 1981, the Agrarian Court rendered judgment by default (1) declaring petitioner the bona fide tenant (now agricultural lessee) of the landholding in question; ordering respondent or any person or persons acting for and in his behalf, to vacate the subject landholding, deliver possession thereof to petitioner, and maintain petitioner in peaceful possession and cultivation of the same; (3) ordering respondent to indemnify petitioner 120 cavans of palay at 46 kgs. per cavan, or their equivalent money value based on the prevailing government price for palay, as actual damages for the illegal ejectment of the latter; (4) ordering respondent and petitioner upon reinstatement of the latter, to desist from further observing the share tenancy system but to adopt leasehold; (5) fixing the leasehold rental for each of the two cropping seasons at 5 cavans of clean palay at 46 kgs. per cavan; (6) dismissing petitioner's other claims for insufficiency of evidence; and (7) ordering respondent to pay the costs of the suit.

On June 11, 1981, respondent moved to set aside the judgment of default stating as grounds thereof: (1) that he was not negligent in the prosecution of his case; (2) that he has a meritorious defense; (3) that the complaint has already prescribed; (4) that the evidence is insufficient to justify the decision; and (5) that he was not given his day in Court.

On June 18, 1981, the Agrarian Court denied respondent's Motion to Set Aside for lack of merit. Respondent then filed a Motion for Reconsideration of said Order and a Notice of Appeal in the event said Motion were denied, attaching thereto his Answer wherein he denied the material allegations of the Complaint, and stated by way of Special and Affirmative Defenses (1) that the landholding in question was surrendered by petitioner; (2) that the latter has no cause of action; and (3) that the action has already prescribed, the same having been filed more than three years after the alleged ejectment in October 1977. The Agrarian Court denied reconsideration and gave due course to the appeal.

On January 18, 1982, respondent Appellate Court set aside the Decision of the Agrarian Court ruling that petitioner's cause of action was already barred as the same was commenced beyond the three-year-period within which to enforce said action, as mandated by Section 38 of Republic Act No. 3844, as amended by R.A. No. 6389.

We are constrained to reverse.

It has been established that petitioner had been engaged as a tenant or agricultural lessee on the property in question in 1954 by the landowner, who subsequently mortgaged the same to Andrea Bagayawa, private respondent's predecessor-in-interest in 1960 and that he continued to work the land until he was dispossessed of the same by Andrea in October 1977. As stated earlier, respondent Court had ruled that as petitioner filed the complaint only on November 20, 1980, more than three (3) years had already elapsed since the accrual of the cause of action, and hence, the action is now barred.

Although Section 38 of Republic Act No. 3844, as amended, does provide that "an action to enforce any cause of action under this Code shall be barred if not commenced within three years after such cause of action accrued," respondent Court had overlooked the fact that petitioner had first filed a Complaint for reinstatement on January 9, 1980, but that the same was dismissed for non-compliance with the requirements of Presidential Decree No. 1508. The prescriptive period, therefore, should be reckoned from the filing of that first Complaint, in which event, only two (2) years and three (3) months from the accrual of the cause of action have elapsed. Clearly, petitioner had not slept on his rights, the dismissal of said Complaint having been due to a procedural technicality.

But even assuming that the prescriptive period is correctly reckoned from the filing of the second Complaint on November 20, 1980, this Court in *Cristobal vs. Melchor*, 78 SCRA 175, 185 (1977) held:

"xxx In brief, it is indeed the better rule that courts under the principle of equity, will not be guided or bound

strictly by the statute of limitations or the doctrine of laches when to do so, manifest wrong and injustice would result."

Petitioner had been adjudged the bona fide tenant of the landholding in question. Not only did respondent fail to controvert this fact, but he even impliedly admitted the same in his Answer to petitioner's Complaint when he raised, as one of his defenses, the alleged voluntary surrender, of the landholding by petitioner. Respondent Court should have taken this fact into consideration for tenants are guaranteed security of tenure, meaning, the continued enjoyment and possession of their landholding except when their dispossession had been authorized by virtue of a final and executory judgment,[2] which is not so in the case at bar.

The Agricultural Land Reform Code has been designed to promote economic and social stability.[3] Being a social legislation, it must be interpreted liberally to give full force and effect to its clear intent[4], which is "to achieve a dignified existence for the small farmers" and to make them "more independent, self-reliant and responsible citizens, and a source of genuine strength in our democratic society".[5]

WHEREFORE, the Decision of respondent Court of Appeals, now the Intermediate Appellate Court, in CA-G.R. No. SP--13089-CAR is hereby set aside, and the judgment of the then Court of Agrarian Relations, Branch II, Naga City, in CAR Case No. 6576-CS-80, dated April 21, 1981, is hereby reinstated. No costs. SO ORDERED.

Teehankee, (Chairman), Plana, Relova, Gutierrez, Jr., and De La Fuente, JJ., concur.

[1] p. 20, CAR Records.

[2] Tumulin vs. CA, 48 SCRA 450 (1972); Paulo vs. CA, 54 SCRA 253 (1973); Sodsod vs. Del Valle, 56 SCRA 612 (1974).

[3] Gonzales vs. GSIS, 107 SCRA 492 (1981).

[4] Ibid.; Padasas vs. CA, 82 SCRA 250 (1978).

[5] Section 2(2) and (6), R.A. No. 3844, as amended.

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