SUPREME COURT
THIRD DIVISION

FRANCISCO ESTOLAS,
***Petitioner*,**

-versus-

G.R. No. 133706
May 7, 2002

ADOLFO MABALOT,
***Respondent*.**
x----------x

D E C I S I O N

PANGANIBAN, *J.*:

Agrarian laws must be interpreted liberally in favor of the grantee, in order to give full force and effect to their clear intent, 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."

The Case

Before us is a Petition for Review on Certiorari assailing the April 7, 1998 Decision[1] of the Court of Appeals[2] (CA) in CA-G.R. SP No. 38268. The decretal portion of the assailed Decision reads thus:

"WHEREFORE, in view of the foregoing, the Petition is hereby DENIED DUE COURSE and consequently, DISMISSED. No pronouncement as to costs."[3]

The Facts

The facts of the case are summarized by the CA as follows:

"On November 11, 1973, a Certificate of Land Transfer (hereinafter referred to as CLT) was issued in favor of respondent over a 5,000 square meter lot (hereinafter referred to as subject land) located in Barangay Samon, Sta. Maria, Pangasinan. Sometime in May, 1978, needing money for medical treatment, respondent passed on the subject land to the petitioner for the amount of P5,800.00 and P200.00 worth of rice. According to respondent, there was only a verbal mortgage; while according to petitioner, a sale had taken place. Acting on the transfer, the DAR officials in Sta. Maria, Pangasinan authorized the survey and issuance of an Emancipation Patent, leading to the issuance of a Transfer Certificate of Title No. 3736 on December 4, 1987, in favor of the petitioner.

"Sometime in May, 1988, respondent filed a Complaint against the petitioner before the Barangay Lupon in Pangasinan for the purpose of redeeming the subject land. When no amicable settlement was reached, the case was referred to the Department of Agrarian Reform's (hereinafter referred to as DAR) regional office at Pilar, Sta. Maria, Pangasinan.

"On July 8, 1988, Atty. Linda F. Peralta of the DAR's District Office submitted her investigation report finding that respondent merely gave the subject land to petitioner as guarantee for the payment of a loan he had incurred from the latter; and recommending that the CLT remain in the name of respondent and that the money loan be returned to petitioner.

"Meanwhile, in a letter, dated September 20, 1988, petitioner insisted that the subject land had been sold to him by respondent and requested the DAR to cancel the CLT in

respondent's name. Another investigation was conducted on the matter which led to the Order dated March 9, 1989, issued by DAR Regional Director Antonio M. Nuesa. In the said Order, the DAR found the act of respondent in surrendering the subject land in favor of petitioner as constituting abandonment thereof, and denied respondent's prayer for redemption of the subject land. Respondent's request for reinvestigation was denied in a Resolution, dated April 11, 1989.

"Thus, on May 3, 1989, respondent appealed the case to the DAR Central Office which, on August 28, 1990, issued an Order reversing the assailed Order of DAR Regional Director Antonio M. Nuesa and ordering the petitioner to return the subject land to respondent. Petitioner's Motion for Reconsideration was denied on June 8, 1992. He filed an Appeal with the Office of the President which was dismissed in a Decision dated August 29, 1994. Petitioner's Motion for Reconsideration of the said Decision was also denied in an Order dated November 28, 1994. Likewise, petitioner's second Motion for Reconsideration was denied in an Order dated July 5, 1995."[4]

Ruling of the Court of Appeals

The appellate court ruled that the subject land had been acquired by respondent by virtue of Presidential Decree (PD) No. 27. This law prohibits the transfer of the land except by hereditary succession to the heirs or by other legal modes to the government. Hence, the transfer of the subject land to petitioner is void; it should be returned to respondent.

The CA further held that respondent had not effectively abandoned the property, because he tried to redeem it in 1981 and 1983. The effort, however, failed because petitioner had demanded P15,000 for it. The appellate court also noted that respondent continued to hold on to the Certificate of Land Transfer (CLT) covering the subject land, and that he "would not have even thought of bringing an action for the recovery of the same if he honestly believed that he had already given it up in favor of [petitioner]."[5]

Hence, this recourse.[6]

Issues

In his anemic 6-page Memorandum,[7] petitioner raises the following issues:

> "A. Whether or not in law there is a valid abandonment made by Respondent Mabalot.
>
> B. Whether the act of Respondent Mabalot in conveying to petitioner the right to possess and cultivate the disputed parcel of land constitutes a valid abandonment thereby rendering the property available for transfer to other bona-fide farmers.
>
> C. Whether the continuous possession and cultivation by petitioner since 1976 up to the present has ripened into ownership over the five thousand (5,000) square meters parcel in dispute.
>
> D. Whether the issuance of an emancipation patent and thereafter a transfer certificate of title in the name of petitioner has validated and legitimized possession and ownership over the disputed property."[8]

The main issue may be worded as follows: did respondent abandon the subject property, thereby making it available to other qualified farmer-grantees?

The Court's Ruling

The Petition has no merit.

Main Issue: Abandonment

The subject property was awarded to respondent by virtue of PD 27. On November 11, 1973,[9] a CLT was issued in his favor. PD 27 specifically provides that when private agricultural land — whether classified as landed estate or not — is primarily devoted to rice and

corn under a system of sharecrop or lease tenancy, the tenant farmers thereof shall be deemed owners of a portion constituting a family-size farm of five (5) hectares if not irrigated, and three (3) hectares if irrigated.

Petitioner avers that respondent neither protested when the former had the subject land surveyed and planted with 40 mango trees, nor attempted to return the money he had borrowed from petitioner in 1976. Because the lot has been abandoned by respondent, the beneficiary, and because PD 27 does not prohibit the transfer of properties acquired under it, petitioner theorizes that the Department of Agrarian Reform (DAR) may award the land to another qualified farmer-grantee.[10]

Non-transferability of Land Awarded Under PD 27

We do not agree. PD 27 specifically provides that title to land acquired pursuant to its mandate or to that of the Land Reform Program of the government shall not be transferable except to the grantee's heirs by hereditary succession, or back to the government by other legal means. The law is clear and leaves no room for interpretation.

Upon the promulgation of PD 27, farmer-tenants were deemed owners of the land they were tilling. Their emancipation gave them the rights to possess, cultivate and enjoy the landholding for themselves. These rights were granted by the government to them as the tillers and to no other. Thus, to insure their continuous possession and enjoyment of the property, they could not, under the law, effect any transfer except back to the government or, by hereditary succession, to their successors.[11]

Furthermore, this Court has always ruled that agrarian laws must be interpreted liberally in favor of the grantees in order to give full force and effect to the clear intent of such laws: "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."[12]

Neither are we convinced that an award under PD 27 may be transferred to another in case the grantee abandons it. The law is explicit. Title acquired pursuant to PD 27 shall not be transferable except to the grantee's heirs by hereditary succession, or back to the government by other legal means.

If a statute is clear, plain and free from ambiguity, it must be given its literal meaning and applied without any interpretation.[13] This rule rests on the presumption that the words employed by the legislature correctly express its intent and preclude the courts from construing the law differently.[14] Similarly, a statute should be so construed as to effectuate its intent, advance the remedy and suppress any mischief contemplated by the framers.[15]

This Court is not unaware of the various subterfuges resorted to by unscrupulous individuals, who have sought to deprive grantees of their land by taking advantage of loopholes in the law and the ignorance of poor beneficiaries. Consequently, the farmers who were intended to be protected and uplifted by these laws find themselves back to where they started, sometimes worse. This vicious cycle must be stopped.[16]

No Abandonment

The CA correctly opined that respondent has not abandoned the subject land. It said:

> "It appears that respondent tried to pay off the loan and redeem the subject land in 1981 and in 1983, but did not succeed because of petitioner's demands for the payment of P15,000.00 (see Petition, Annex 'G', p. 1; Rollo, p. 29). It likewise appears that respondent did not deliver to petitioner his CLT which remains in his possession to date (see Comment, p. 5; Rollo, p. 48a). Finally; respondent 'would not have even thought of bringing an action for the recovery of the same if he honestly believed that he had already given it up in favor of (petitioner); he would not waste his time, effort and money, especially if he is poor, to prosecute an unworthy action.'"[17]

For abandonment to exist, the following requisites must be proven: (a) a clear and absolute intention to renounce a right or claim or to desert a right or property and (b) an external act by which that intention is expressed or carried into effect. There must be an actual, not merely a projected, relinquishment; otherwise, the right or claim is not vacated or waived and, thus, susceptible of being appropriated by another.[18] Administrative Order No. 2, issued on March 7, 1994, defines abandonment or neglect as a "willful failure of the agrarian reform beneficiary, together with his farm household, to cultivate, till or develop his land to produce any crop, or to use the land for any specific economic purpose continuously for a period of two calendar years." In the present case, no such "willful failure" has been demonstrated. Quite the contrary, respondent has continued to claim dominion over the land.

No Valid Reallocation

Furthermore, even if respondent did indeed abandon his right to possess and cultivate the subject land, any transfer of the property may only be made in favor of the government. In Corpuz vs. Grospe,[19] the Court held that there was a valid transfer of the land after the farmer-grantee had signed his concurrence to the Samahang Nayon Resolution surrendering his possession of the landholding. This voluntary surrender to the Samahang Nayon constituted a surrender or transfer to the government itself.

Such action forms part of the mechanism for the disposition and the reallocation of farmholdings of tenant-farmers who refuse to become beneficiaries of PD 27. Under Memorandum Circular No. 8-80 of the then Ministry of Agrarian Reform, the Samahan shall, upon notice from the agrarian reform team leader, recommend other tenant-farmers who shall be substituted to all rights and obligations of the abandoning or surrendering tenant-farmer. Such cooperative or samahan is established precisely to provide a strong social and economic organization that will ensure that farmers will reap and enjoy the benefits of agrarian reform.[20]

In the present case, there was no valid transfer in favor of the government. It was petitioner himself who requested the DAR to cancel respondent's CLT and to issue another one in his favor.[21]

Unlike in the above-cited case, respondent's land was not turned over to the government or to any entity authorized by the government to reallocate the farmholdings of tenant-farmers who refuse to become beneficiaries of PD 27. Petitioner cannot, by himself, take over a farmer-beneficiary's landholding, allegedly on the ground that it was abandoned. The proper procedure for reallocation must be followed to ensure that there was indeed an abandonment, and that the subsequent beneficiary is a qualified farmer-tenant as provided by law.

WHEREFORE, the Petition is hereby **DENIED** and the assailed Decision **AFFIRMED**. Costs against petitioner.

SO ORDERED.

Melo, Vitug, Sandoval-Gutierrez and Carpio, *JJ.*, concur.

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[1] Rollo, pp. 20-23.
[2] Twelfth Division. Penned by Justice Consuelo Ynares-Santiago (Division chairman, now a member of this Court) and concurred in by Justices Bernardo Ll. Salas and Demetrio G. Demetria (members).
[3] Assailed Decision, p. 3; rollo, p. 22.
[4] Ibid., pp. 1-2; ibid.; pp. 20-21.
[5] Id., p. 3; id., p. 22.
[6] The case was deemed submitted for decision on October 26, 2000, upon the submission of the Memorandum for petitioner; and re-raffled to the undersigned ponente on March 12, 2001 after the previous ponente, who was a member of the Second Division of the Court, had inhibited himself.
[7] Signed by Atty. Ronald G. Dinos; Attys. Arceli A. Rubin, Amelia C. Garchitorena and Isabelito E. Sicat signed the Memorandum for respondent.
[8] Petitioner's Memorandum, p. 3; rollo, p. 135. Original in upper case.
[9] CA rollo, p. 13.
[10] Rollo, p. 15.
[11] Torres vs. Ventura, 187 SCRA 96, July 2, 1990.
[12] Catorce vs. Court of Appeals, 129 SCRA 210, 215 May 11, 1984, per Melencio-Herrera, J.
[13] Agpalo, Statutory Construction, 2nd ed., 1990, p. 94.
[14] Espiritu vs. Cipriano, 55 SCRA 533, February 15, 1974, as cited; ibid.
[15] United States vs. Go Chico, 14 Phil. 128, September 15, 1909; Tañada and Macapagal vs. Cuenco et al., 103 Phil. 1051, February 28, 1957; Villanueva vs. City of Iloilo, 26 SCRA 578, December 28, 1968; Matabuena vs.

Cervantes, 38 SCRA 284, March 31, 1971, as cited in Agpalo; supra, note 9, p. 97.

[16] Torres vs. Ventura, supra.

[17] CA Decision, p. 3; rollo, p. 22.

[18] Medrana vs. Office of the President, 188 SCRA 818, August 21, 1990.

[19] 333 SCRA 425, June 13, 2000.

[20] Ibid.

[21] CA rollo, p. 14.