

Title:

National Power Corporation v. Purefoods Corporation, et al.

Facts:

The National Power Corporation (NAPOCOR), a government-owned and controlled corporation, seeking to construct and maintain the Northwestern Luzon Project, filed a special civil action for eminent domain to acquire an easement of right-of-way over certain parcels of land in the province of Bulacan. The defendants included various landowners and corporations like Purefoods Corporation, Solid Development Corporation, and Moldex Realty Incorporated.

The Regional Trial Court (RTC) of Malolos, Bulacan initially ordered the issuance of a writ of possession in favor of NAPOCOR after it deposited with the Land Bank of the Philippines the provisional valuation of the properties. The main contention arose when determining the amount of just compensation for the acquired easements. After multiple hearings and assessments from commissioners, the RTC fixed the just compensation based on the market value as suggested by the commissioners, which differed from the provisional valuation used by NAPOCOR.

NAPOCOR appealed the RTC's decision, which the Court of Appeals affirmed with minor modification. In turn, NAPOCOR filed a petition for review on certiorari under Rule 45 of the 1997 Rules of Civil Procedure to the Supreme Court.

Issues:

1. Whether NAPOCOR should pay full market value as just compensation or only an easement fee representing 10% of the market value.
2. Whether the commissioners' report was properly adopted by the RTC in determining the just compensation.
3. Whether the Court of Appeals was correct in modifying the period of the accrual of 12% interest imposed by the RTC.

Court's Decision:

The Supreme Court denied NAPOCOR's petition for review, upholding the Court of Appeals and the RTC's valuation of just compensation based on a full market value approach rather than capped at an easement fee. The ruling cited previous case law to support the full compensation on the ground that an easement of right-of-way restricts property rights and normal use for an indefinite period, entitling the owners to market value compensation.

The Court also held that the RTC acted within its discretion in adopting the commissioners' report which was found to be comprehensive and to have considered all necessary factors for determining just compensation without exhibiting any trace of irregularity, fraud, or bias.

Doctrine:

1. Just compensation must be based on full market value when an easement of right-of-way imposes a significant and indefinite restriction on property rights.
2. The determination of just compensation is a judicial function, and courts are not bound by statutory formulas prescribing the amount of compensation but should instead ensure that the compensation is just.
3. The adoption of commissioners' reports in expropriation cases by the courts must be based on a comprehensive assessment of these reports, ensuring that they are free from irregularity, fraud, or bias.

Class Notes:

- The "eminent domain" denotes the government's power to appropriate private property for public use with fair compensation.
- "Just compensation" is the full monetary equivalent of the property taken from the owner by the expropriator.
- Legal standards for just compensation are determined by judicial analysis, notwithstanding legislative guidelines.
- Statute cited: Republic Act No. 6395, as amended - determines NAPOCOR's authority and procedures for appropriation.

Historical Background:

NAPOCOR, established by law to develop hydroelectric power and maintain nationwide electric transmission, has frequently resorted to the power of eminent domain to acquire rights-of-way for the construction of its infrastructure projects. This case forms part of the jurisprudence detailing how just compensation is determined when state utilities partially utilize private property for public projects like transmission lines.