

Title: Republic of the Philippines v. Hon. Henrick F. Gingoyon and Philippine International Air Terminals Co., Inc

Facts:

The case involves the expropriation of the Ninoy Aquino International Airport Passenger Terminal III (NAIA 3), a project initially conceptualized and partially constructed by the Philippine International Air Terminals Co., Inc. (PIATCO). The construction of NAIA 3 began under a Build-Operate-and-Transfer (BOT) contractual arrangement between PIATCO and the Philippine government. The project, however, was mired in legal battles when the Supreme Court, in the landmark case of *Agan v. PIATCO* (2003), nullified the contracts between the government and PIATCO for being contrary to law and public policy.

Despite the project completion, NAIA 3 remained inoperative, prompting negotiations and attempted resolutions between the government and PIATCO. With the failure to reach an agreement, the government, represented by the Executive Secretary, the Department of Transportation and Communications (DOTC), and the Manila International Airport Authority (MIAA), filed a complaint for expropriation with the Regional Trial Court (RTC) of Pasay, Branch 117, presided over by Hon. Henrick F. Gingoyon. The government sought immediate possession of NAIA 3 and deposited PHP 3 billion, the facility's assessed value for taxation purposes, with the Land Bank of the Philippines.

The RTC granted the government's request for a writ of possession but subsequently issued an Order dated January 4, 2005, applying Republic Act No. 8974 (RA 8974), which amended the requisites and procedures for government expropriation of real property. The court directed the immediate release of US\$62,343,175.77 to PIATCO and required additional conditions for the government to fulfill. The government filed an Urgent Motion for Reconsideration and Motion for Inhibition, but both were denied by the RTC in an Omnibus Order dated January 10, 2005.

The government filed a petition for certiorari and prohibition under Rule 65, seeking the nullification of the RTC orders and asserting that Rule 67 of the Rules of Court, not RA 8974, should apply to the expropriation proceedings. The challenges included the application of RA 8974, the immediate release of funds to PIATCO, and the prohibition against the government from performing acts of ownership over NAIA 3.

Issues:

1. Whether RA 8974 or Rule 67 of the Rules of Court governs the expropriation proceedings

for NAIA 3.

2. Whether the RTC's order for the immediate release of US\$62.3 million to PIATCO is in accordance with law and equity.
3. Whether the RTC erred by prohibiting the government from performing acts of ownership such as awarding concessions or leasing any part of NAIA 3 to other parties.
4. Whether the appointment of three commissioners without prior consultations was proper.
5. Whether Hon. Gingoyon should inhibit himself from the expropriation case.

Court's Decision:

The Supreme Court held that RA 8974 applies to the expropriation of NAIA 3, considering the facility is a national government infrastructure project. Consequently, the law requires immediate payment to the property owner of the amount equivalent to the sum of the current relevant zonal valuation of the BIR or the proffered value of the property. The Court found the RTC's immediate release of funds to PIATCO improper without first verifying adherence to the standards set by RA 8974. The Court further held that upon effectivity of the writ of possession, the government is authorized to perform essential acts consistent with the operation of an international airport terminal. Additionally, the appointment of commissioners by the RTC was found to be in accordance with the procedures provided under Rule 67 of the Rules of Court. Lastly, there was no sufficient basis to compel the inhibition of Hon. Gingoyon.

Doctrine:

The case established that, in expropriating real property for a national government infrastructure projects, the government must immediately pay the property owner based on the current relevant zonal valuation of the BIR or the proffered value, following the procedures and requisites under RA 8974. It also reiterated the standards for determining just compensation and the rights of the government upon the issuance of a writ of possession in expropriation cases.

Class Notes:

- The power of eminent domain is the authority of the state to expropriate private property for public use upon payment of just compensation.
- RA 8974 prescribes specific standards for valuing property for expropriation purposes, which differ from the assessment value used under Rule 67 of the Rules of Court.
- The law requires immediate payment of a certain amount, determined in accordance with RA 8974, before the government can take possession of the property being expropriated.

Historical Background:

The historical context of the case includes the previous decision in *Agan v. PIATCO*, which nullified the contracts for constructing NAIA 3, and the government's subsequent efforts to operate the terminal through legal channels. The controversy surrounding NAIA 3 reflects broader issues in Philippines' public infrastructure development and the challenges faced in contracting with private entities for national projects. The case also underscores the evolving legal interpretations of just compensation and public use within eminent domain jurisprudence.