

Title: Municipality of Parañaque vs. V.M. Realty Corporation

Facts:

The Municipality of Parañaque, under its Sangguniang Bayan Resolution No. 93-95, Series of 1993, filed a Complaint for expropriation against V.M. Realty Corporation seeking to take two parcels of land for a socialized housing project. The lots were located in San Dionisio, Parañaque, Metro Manila, with a total area of around 10,000 square meters and covered by Torrens Certificate of Title No. 48700. Some time earlier, under Sangguniang Bayan Resolution No. 577, Series of 1991, the municipality had attempted to negotiate the sale for the same purpose, but V.M. Realty Corporation did not accept the offer.

The Regional Trial Court (RTC) of Makati, Branch 134, initially found the Complaint sufficient in form and substance, and ordered that the Municipality could take possession of the property upon depositing 15% of its fair market value. However, after V.M. Realty Corporation filed an Answer with affirmative defenses and counterclaims, raising the issues of the absence of a valid cause of action and *res judicata*, the RTC treated the answer as a motion to dismiss and subsequently dismissed the Complaint. The Municipality's motions for reconsideration and transfer of venue were denied.

The Municipality of Parañaque appealed to the Court of Appeals (CA), raising issues of compliance to statutory requirements, the existence of a cause of action, adherence to procedural rules over substantive justice, and the applicability of the principle of *res judicata*. The CA affirmed the trial court's decision in full.

The case was then elevated to the Supreme Court, with the Municipality positing two primary issues: the equivalence of a resolution and an ordinance for initiating expropriation proceedings, and whether the principle of *res judicata* was applicable.

Issues:

1. Whether a resolution duly approved by the municipal council has the same force and effect as an ordinance for initiating expropriation proceedings.
2. Whether the principle of *res judicata* is applicable when public interest is primarily involved.

Court's Decision:

The Supreme Court ruled that a local government unit (LGU), such as the Municipality of Parañaque, must authorize the expropriation of private property through an ordinance as required by the Local Government Code (R.A. 7160), and not through a mere resolution.

Thus, the municipality's complaint, based solely on a resolution, failed to state a valid cause of action.

Regarding the issue of res judicata, the Supreme Court found that while all requirements for res judicata were present, it could not apply to bar the State or an agent from exercising the power of eminent domain. However, specific issues already decided could prevent the refile of an identical action based on the same grounds.

The Court denied the petition without prejudice to the proper exercise of the municipality's power over eminent domain, should it fulfill all legal requirements, including the enactment of an ordinance.

Doctrine:

1. An LGU's exercise of the power of eminent domain must be pursuant to an ordinance, not a mere resolution, as explicitly required by Section 19 of the Local Government Code (R.A. 7160).
2. Res judicata does not bar the exercise of the power of eminent domain by the State or its agents, although it can apply to specific issues previously decided.

Class Notes:

- The power of eminent domain in the LGU context must conform to the specific authorization in the form of an ordinance, as per Section 19 of R.A. 7160.
- The legal distinction between an ordinance (having a general and permanent character) and a resolution (a temporary declaration of opinion) is critical.
- The power of eminent domain is not curtailed by the principle of res judicata, which underscores its inherent and plenary scope.
- The proper procedural and substantive conditions for eminent domain must be compliant with the Constitution and pertinent laws, including a prior offer to the property owner and the payment of just compensation.

Historical Background:

This case underscores the evolution of legal requirements for LGUs to exercise eminent domain, marking a shift from the former Local Government Code (B.P. 337), which permitted a resolution for such purpose, to the stricter mandate under the current Local Government Code (R.A. 7160), which requires an ordinance. It reflects a more stringent legislative approach to the preservation of private property rights against a backdrop of local autonomy, ensuring that any derogation of private property for public use adheres to

clear legal standards.