

Title:

National Power Corporation vs. Lucman M. Ibrahim, et al.

Facts:

The case revolves around a 21,995 square meter parcel of land in Marawi City, which the National Power Corporation (petitioner) occupied in 1978 for a hydroelectric power plant (Agus 1 project), under the mistaken belief that it was part of public land reserved under Proclamation No. 1354. However, the land was privately owned, registered under TCT No. 378-A in the name of respondent Macapanton K. Mangondato. Mangondato discovered the occupation in 1979 and demanded compensation, leading to prolonged negotiations between the parties.

By the early 1990s, unable to reach an agreement on compensation, Mangondato filed a complaint for reconveyance (Civil Case No. 605-92), while the petitioner filed an expropriation complaint (Civil Case No. 610-92). The cases were consolidated, and in August 1992, the Regional Trial Court (RTC) of Marawi City ruled in favor of expropriation but required the petitioner to pay just compensation and rentals from 1978 to 1992.

Petitioner appealed to the Court of Appeals (CA-G.R. CV No. 39353), but during the pendency, the Ibrahims and Maruhoms filed a complaint against Mangondato and the petitioner, claiming they were the rightful owners of the land (Civil Case No. 967-93). The Court of Appeals confirmed the RTC's decision, which was upheld by the Supreme Court (G.R. No. 113194).

Despite the finality of decisions, issues arose regarding the enforcement of payments due to the dispute over the land's rightful ownership, leading to the petitioner's appeal on the Court of Appeals' decision on CA-G.R. CV No. 68061, which upheld the liability of the petitioner to pay the Ibrahims and Maruhoms despite prior payments made to Mangondato.

Issues:

1. Whether the petitioner acted in bad faith when it paid Mangondato despite knowing the existence of claims by the Ibrahims and Maruhoms and the issuance of a TRO and writ of preliminary injunction.
2. Whether the petitioner can still be held liable to pay the Ibrahims and Maruhoms for the rental fees and expropriation indemnity despite previous payments made to Mangondato.

Court's Decision:

The Supreme Court granted the petitioner's appeal, finding no bad faith on its part for

complying with the final and executory decision in Civil Case No. 605-92 and Civil Case No. 610-92. The Court held that the petitioner's payment to Mangondato extinguished its obligation to pay for the rental fees and expropriation indemnity due for the subject land, irrespective of the actual land ownership. Thus, the petitioner cannot be held liable to the Ibrahims and Maruhoms, and Civil Case No. 967-93 against the petitioner is dismissed.

Doctrine:

The Supreme Court reiterated the principle that payment made in good faith to any person in possession of the credit shall release the debtor, as per Article 1242 of the Civil Code. This principle applies even if the payment was made to someone who was not the rightful creditor but appeared to be so under the circumstances.

Class Notes:

- ****Key Elements:**** Expropriation, good faith, extinguishment of obligation, Article 1242 of the Civil Code.
- ****Critical Statutory Provision:**** Article 1242, Civil Code, "Payment made in good faith to any person in possession of the credit shall release the debtor."
- ****Application:**** In cases where a debtor makes a payment in good faith to an apparent creditor, such payment is effective to release the debtor from the obligation, even if it turns out that the payee was not the rightful creditor.

Historical Background:

This case highlights the intricate legal battles over land ownership and compensation in the context of government projects in the Philippines. It underscores the challenges of ensuring just compensation amid disputes over rightful ownership and the paramount importance of compliance with judicial decisions in the process of expropriation.