

### Title: Iron and Steel Authority vs. The Court of Appeals and Maria Cristina Fertilizer Corporation

### Facts:

The Iron and Steel Authority (ISA), established under Presidential Decree (P.D.) No. 272 on August 9, 1973, aimed to develop and promote the Philippine iron and steel industry. Its powers included initiating expropriation of land for steel facilities. The National Steel Corporation (NSC), a government subsidiary, planned to build a steel mill in Iligan City. A tract of public land was reserved for NSC through Proclamation No. 2239, affecting land occupied by Maria Cristina Fertilizer Corporation (MCFC). Letter of Instruction (LOI) No. 1277 directed negotiations with MCFC for compensation, failing which ISA was to expropriate MCFC's rights and assets for NSC.

Negotiations failed, and in August 1983, ISA filed for expropriation, depositing P1,760,789.69 as provisional compensation. After ISA's statutory existence expired in August 1988, MCFC moved to dismiss the case, arguing ISA was no longer a juridical entity. The Regional Trial Court (RTC) granted the dismissal based on ISA's lack of juridical personality post-expiration and postulated that the expropriation was not for public use but for NSC—a government-controlled corporation.

ISA appealed the RTC's order. The Court of Appeals affirmed the dismissal, distinguishing ISA from ordinary corporations and asserting ISA ceased to exist upon its term's expiration, devoid of legal authorization. It also dismissed the necessity of a new expropriation complaint by Congress.

### Issues:

1. Whether the Republic of the Philippines is entitled to substitute ISA as party-plaintiff in the expropriation proceedings upon ISA's statutory expiration.
2. Whether a new legislative act is necessary to continue the expropriation process initiated by ISA.
3. The determination of public use or purpose and the sufficiency of just compensation in the expropriation proceedings.

### Court's Decision:

1. The Supreme Court held that the Republic of the Philippines could be substituted for ISA as party-plaintiff, reasoning that upon ISA's termination, its powers, duties, functions, assets, and liabilities revert to the Republic. This substitution doesn't necessitate dismissal

of the expropriation proceedings.

2. The Court ruled no new legislative act was required for the Republic to continue the expropriation proceedings initiated by ISA. It emphasized the standing delegation of eminent domain power to the President under the Revised Administrative Codes of 1917 and 1987.

3. The Court found the challenges regarding public use and just compensation premature, as the trial was ongoing and those matters should be assessed within those proceedings.

### ### Doctrine:

The Supreme Court established that the expiry of a non-incorporated government agency's statutory term results in its powers and liabilities reverting to the Republic of the Philippines, which can be substituted as party-plaintiff in ongoing legal actions initiated by the agency. Furthermore, the Court confirmed that no additional legislative act is necessary for the Republic to continue expropriation proceedings begun by its agency, per the authority granted under the Revised Administrative Codes.

### ### Class Notes:

- **Juridical Person:** An entity recognized by law as having rights and obligations, such as the ability to own property, enter into contracts, and initiate legal proceedings.
- **Eminent Domain:** The government's power to expropriate private property for public use with just compensation.
- **Substitution of Parties:** The process by which one party takes the place of another party in ongoing litigation, generally applied where the original party can no longer sustain its legal position (e.g., due to expiration of the entity).

### ### Historical Background:

The case delves into the procedural nuances of expropriation proceedings by a government authority designated to promote a specific industry—in this instance, the iron and steel industry. It underscores the complexities of government agencies' legal standing over time and the interplay between governmental functions and the doctrine of eminent domain. The transition of responsibilities and legal personality from an expired agency back to the Republic reflects the intricate relationship between legislative authorization, executive implementation, and judicial interpretation within the Philippine legal system.