

****Title:**** *Republic of the Philippines vs. Hidalgo, Cachero, and Mendoza*: A Case of Government Appropriation Without Compensation

****Facts:****

Tarcila Laperal Mendoza (“Mendoza”) owned a 4,924.60-square meter property in Manila (“Arlegui property”), which the Republic of the Philippines (“Republic”) allegedly took possession of in July 1975 without due process. This case (Civil Case No. 99-94075) initiated when Mendoza filed a suit against the Republic, the Register of Deeds of Manila, and Atty. Fidel Vivar, seeking the nullification of a deed of sale and the reinstatement of her property title. The Republic claimed State immunity from suit, but the trial court dismissed Mendoza’s complaint. On appeal, the Court of Appeals reversed the RTC’s decision, a ruling later affirmed by the Supreme Court. The case was remanded for further proceedings but was reassigned to another branch (Branch 37) due to the original presiding judge’s inhibition.

Mendoza filed a third amended complaint seeking recovery of the property and compensation for its use, alleging forceful eviction by armed men identified as members of the Presidential Security Group under President Ferdinand Marcos’s regime. The Republic failed to file a responsive pleading within the granted extensions, leading to a default judgment in favor of Mendoza. The judgment awarded Mendoza over PHP 1.6 Billion for just compensation and rentals from July 1975 until the judgment date.

The Republic’s subsequent motions for a new trial and reconsideration were denied, alongside its notice of appeal due to tardiness. Hence, this petition for certiorari and prohibition under Rule 65 of the Rules of Court to the Supreme Court, challenging the RTC’s decisions and claiming deprivation of due process.

****Issues:****

1. Whether the trial judge committed grave abuse of discretion amounting to lack or excess of jurisdiction by declaring the Republic in default.
2. If the adjudication of over PHP 1.6 Billion in Mendoza’s favor constituted grave abuse of discretion or a violation of due process.
3. The applicability of State immunity in this context.
4. The validity of monetary judgments against government funds.

****Court’s Decision:****

The Supreme Court affirmed the trial court's decision to reinstate Mendoza's property title but modified the rental compensation to a more reasonable amount, citing grave abuse of discretion in the original exorbitant award. It declared:

1. The trial court did not commit grave abuse of discretion by declaring the Republic in default, as it acted within prescribed rules.
2. The staggering monetary judgment in favor of Mendoza, due largely to adjudicated rentals and attorney's fees, constituted grave abuse of discretion.
3. State immunity does not absolve the government from its obligation to compensate for property taken without due process.
4. The writ of execution against government funds to satisfy the judgment is nullified, as government assets are protected from such legal processes. Nonetheless, the Court strongly enjoined the Office of the President to arrange payment to Mendoza, reducing the amount to PHP 20,000.00 per month from July 1975 onwards, plus 6% annual interest until fully paid.

****Doctrine:****

The case reiterates doctrines on the limits of State immunity from suit, confirming that the State must fulfill obligations arising from its unlawful acts. Additionally, it underscores the principle that judicial discretion in awarding judgments against a defaulting party must align with the evidence presented and cannot exceed what was pleaded.

****Class Notes:****

- ***State Immunity*:** The State cannot be sued without its consent, but this principle does not extend to actions where the government commits illegal acts or takes property without due process.
- ***Due Process in Default Judgments*:** A court may declare a party in default for failing to answer within the allotted time, but judgments rendered must be based on evidence presented and cannot exceed claims made.
- ***Monetary Judgments Against Government Funds*:** Government funds and property are typically protected from seizure under writs of execution unless explicitly allowed by law.

****Historical Background:****

The case reflects on the legal challenges faced during and after the Marcos regime, particularly concerning the appropriation of private properties by the government without

legal expropriation proceedings or compensation. It demonstrates the judiciary's role in balancing public interests with individual rights, ensuring justice for wrongful acts committed by the State.