

Title:

****Mactan-Cebu International Airport Authority et al. vs. Milagros Urgello: A Case of Expropriation and Reconveyance****

Facts:

The ownership dispute of Lot No. 913-E-3 and related parcels in Cebu City between Milagros Urgello (respondent) and the Mactan-Cebu International Airport Authority (MCIAA), Department of Public Works and Highways (DPWH), and Air Transportation Office (ATO) (petitioners) traces its origin to the 1950s. The then Civil Aeronautics Administration (CAA) initiated expropriation proceedings for the lot to expand Lahug Airport, culminating in a Compromise Agreement in 1964 allowing for the lot's reconveyance to Urgello or her heirs if the Republic ceased using it as an airport.

Operations shifted to Mactan Airport in 1966, and by 1983, DPWH occupied the lot for its regional base, leading to disputes over encroachments on Urgello's remaining lots. Urgello's demands for reconveyance in 1985 were unmet, prompting litigation that led to various trial and appellate rulings affirming the government's obligations to reconvey and compensate.

Issues:

1. Whether the petitioners failed to reconvey Lot No. 913-E-3 to the respondent upon cessation of its use as an airport, thus constituting expropriation without just compensation.
2. Whether the petitioners were solidarily liable for reconveyance of the lot and payment of rentals and damages due to their respective roles and legal transfers of obligations and assets.
3. Whether MCIAA, as a newly established authority, assumed the obligations of its predecessor entities, ATO, and was thus accountable for reconveyance.

Court's Decision:

The Court found that the failure to reconvey the lot constituted expropriation without compensation, holding DPWH and ATO solidarily liable to return the lot and pay rentals from the time Urgello tendered the repurchase price. MCIAA, deemed ATO's successor through RA 6958, was bound to reconvey Lot No. 913-E-3 and share in rental liabilities starting from the law's effectivity in November 1990. However, MCIAA was not liable for other lots not covered under RA 6958's asset transfer or for any act committed by DPWH and ATO before November 1990.

Doctrine:

This case reiterated the doctrine that statutory successors assume both the assets and liabilities of their predecessors. It underscored strict adherence to conditions stipulated in compromise agreements, especially for state entities, and the principle that non-compliance can lead to expropriation without just compensation.

Class Notes:

1. **Doctrine of Succession in Statutory Transfers**: Future cases involving statutory successors must consider both assets and liabilities transfer. For reference, see RA 6958, Sections 15 and 17.
2. **Conditions in Compromise Agreements**: Binding and enforceable, especially in legal disputes involving state entities. Failure to adhere can result in expropriation liabilities.
3. **Expropriation and Just Compensation**: Expropriation without just compensation occurs when a public entity fails to return a property under agreed conditions, leading to the owners' right to compensation at current value plus interests and damages.
4. **Solidary Liabilities**: The obligations of legal entities (in statutes or compromise agreements) can lead to solidary liabilities for damages and non-compliance.

Historical Background:

The case highlights the evolution of Cebu's airport infrastructure from the use of Lahug Airport to the shift towards Mactan-Cebu International Airport, underscoring the legal challenges in land use and ownership disputes arising from public development projects. It demonstrates the complexities in transferring obligations amid the establishment of new governmental or public entities, reflecting on legislative changes like RA 6958 and its impact on past obligations.