

Title: Spouses Cabahug v. National Power Corporation

Facts:

- Ownership and Context:** Spouses Jesus L. Cabahug and Coronacion M. Cabahug owned two parcels of land in Barangay Capokpok, Tabango, Leyte.
- Expropriation Suit:** The National Power Corporation (NPC) initiated an expropriation suit (Special Civil Action No. 0019-PN) relating to its Leyte-Cebu Interconnection Project, later opting to settle by paying an easement fee based on RA 6395.
- Valuation Dispute:** Discrepancies arose in land valuations proposed by landowners, leading the Leyte Provincial Appraisal Committee to set a P45.00 per square meter valuation upon NPC's request.
- Right of Way Grant (1996):** Jesus Cabahug executed documents granting NPC a right of way over 24,939 and 4,750 square meters for easement fees of P112,225.50 and P21,375.00, respectively. Cabahug reserved the right to seek additional compensation based on the 1991 Supreme Court decision in NPC v. Spouses Gutierrez.
- Filing for Just Compensation:** On September 21, 1998, Spouses Cabahug filed a complaint (Civil Case No. PN-0213) against NPC for just compensation, damages, and attorney's fees, citing deprivation of property use.
- RTC Decision (March 14, 2000):** The RTC, applying the precedent from NPC v. Gutierrez, ordered NPC to pay P1,336,005.00, attorney's fees, and damages. NPC appealed this decision.
- Court of Appeals (CA) Decision (May 16, 2007):** The CA reversed the RTC decision, holding that NPC's payment in 1996 constituted full easement fees under RA 6395 and that further compensation claims violated the contract.
- Motion for Reconsideration:** Spouses Cabahug's motion for reconsideration was denied on January 9, 2009. Consequently, they filed a Rule 45 Petition for Review on Certiorari with the Supreme Court.

Issues:

- Whether the Spouses Cabahug are entitled to additional compensation beyond the easement fees already paid by NPC.
- Whether the CA erred in disregarding the contractual clause reserving the right to additional compensation.
- Whether the ruling in NPC v. Gutierrez is applicable to this case.

Court's Decision:

- Contractual Interpretation:** The Supreme Court found merit in Spouses Cabahug's

petition. The reservation clause in the Right of Way Grant explicitly allowed them to seek additional compensation based on the Supreme Court decision in NPC v. Gutierrez.

2. **Applicability of NPC v. Gutierrez**: The Supreme Court held that the CA erred in not applying this case's ruling. Similar to Gutierrez, the right of way easement deprived the landowners of substantial property use and enjoyment, entitling them to full just compensation.

3. **Just Compensation Calculation**: The valuation by the Leyte Provincial Appraisal Committee at P45.00 per square meter led to the RTC's accurate computation (P1,336,005.00), less the amount already paid by NPC.

4. **Legal Interest and Awards**: The Supreme Court sustained the legal interest on the remaining balance from the time of possession until full payment. However, it disallowed attorney's fees, litigation expenses, and actual damages for lack of explicit justification in the RTC's decision.

Doctrine:

- **Eminent Domain and Easement**: Even without title transfer, significant deprivations caused by easements, as in this case, justify full just compensation.
- **Contractual Rights**: Contracts must be honored as per their clear terms, here, including the clause reserving the right to additional compensation.
- **Judicial Function in Compensation**: The determination of just compensation is a judicial function, overriding statutory valuations.

Class Notes:

- **Eminent Domain**: The power of eminent domain allows the government to take private property for public use, with the necessity of just compensation.
- **Just Compensation**: The full monetary equivalent of the property, considering the owner's loss, not the taker's gain.
- **Legal Provision**: Article III, Section 9 of the 1987 Philippine Constitution - "Private property shall not be taken for public use without just compensation."
- **Contracts**: Clear and explicit contractual terms constitute the law between parties and must be adhered to strictly.
- **Case Application**: Contracts can include reservations for future claims, impacting evaluations of just compensation.

Historical Background:

- **NPC's infrastructure**: The Leyte-Cebu Interconnection Project was part of NPC's broader efforts to enhance power distribution across regions, involving substantial use of

private lands.

- ****Case Precedent****: The case references NPC v. Spouses Gutierrez, emphasizing judicial precedent in compensatory disputes due to easements, pivotal in addressing property deprivations caused by public utility projects without outright expropriation.