

Title:

National Transmission Corporation vs. Bermuda Development Corporation, G.R. No. 218901 (2023)

Facts:

1. **December 22, 2008**: Bermuda Development Corporation (BDC) filed an unlawful detainer case against the National Transmission Corporation (TransCo) in the Municipal Trial Court (MTC) of Cabuyao, docketed as Civil Case No. 2498.
2. **January 23, 2009**: TransCo filed its Answer with Affirmative and Compulsory Counterclaim.
3. **August 24, 2009**: MTC rendered a decision in favor of BDC, ordering TransCo to vacate the property, pay P10,350,000 as monthly rental from December 13, 2008, and cover legal fees.
4. **September 17, 2009**: TransCo appealed to the Regional Trial Court (RTC) Branch 24 of Biñan, Laguna. BDC moved for the execution of the MTC decision.
5. **October 28, 2009**: RTC granted BDC's motion for execution pending appeal, and a writ of execution was issued. Subsequent notice of garnishment was issued on November 6, 2009.
6. **November 10, 2009**: TransCo filed an omnibus motion to reconsider the execution order and quash the writ and notice of garnishment.
7. **January 21, 2010**: Meanwhile, TransCo filed a complaint for the expropriation of the property in RTC Branch 25, docketed as Civil Case No. B-7972, and deposited P10,704,000 with LandBank.
8. **February 25, 2010**: TransCo filed an urgent ex-parte motion for the issuance of a writ of possession, which was granted by RTC Branch 25 on March 29, 2010.
9. **July 29, 2010**: RTC Branch 24 dismissed TransCo's appeal in the unlawful detainer case, declaring the issue moot and academic due to the expropriation proceedings.
10. **May 30, 2011**: RTC Branch 24 denied TransCo's motion for reconsideration.

11. **May 29, 2014**: CA ruled to affirm the RTC's orders, denying TransCo's petition and upholding the earlier decision.

12. **October 7, 2014**: CA denied TransCo's motion for reconsideration.

13. **Petition to Supreme Court**: TransCo filed a petition for review under Rule 45 against the CA's decision and resolution.

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Issues:

1. **Whether the RTC erred in dismissing TransCo's appeal as moot and academic due to the expropriation complaint involving the same property subject of the unlawful detainer case.**

2. **Whether BDC's claim for rental arrears is valid within the context of this case.**

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Court's Decision:

Issue #1: Mootness of Appeal Due to Expropriation Proceedings:

- **Public Service Obligations and Eminent Domain**: The Supreme Court held that a public service corporation with eminent domain powers like TransCo cannot be compelled to vacate occupied property through an unlawful detainer action when it serves the public interest.

- **Judicial Precedents**: Citing *Forfom Development Corporation v. Philippine National Railways*, *Manila Railroad Co. v. Paredes*, *De Ynchausti v. Manila Electric Railroad & Light Co.*, *Ansaldo v. Tantuico Jr.*, among others, the Court reiterated that actions for ejectment against entities with eminent domain powers are not permissible. Instead, landowners can seek just compensation.

- **CA and RTC's Error**: The CA and RTC erred by not dismissing the unlawful detainer case. The correct approach would have been to either dismiss the case outright, allowing BDC to file for compensation or direct TransCo to pursue expropriation proceedings and pay just compensation and consequential damages.

Issue #2: Validity of Rental Arrears Claim:

– ****Improper Award****: The Supreme Court declared that the MTC’s award of rental arrears is improper. BDC’s remedy lies in obtaining just compensation, not monthly rentals, which is not suitable in the context of occupied land by a public utility corporation.

****Final Ruling****: The Supreme Court granted the petition, reversing the decisions of the CA and MTC, and dismissed the unlawful detainer case.

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Doctrine:

****Public Utility Exclusion from Ejectment****: In cases where a public utility corporation with eminent domain powers has taken possession of land without prior acquisition of title, the primary remedies for the landowner are actions for just compensation rather than ejectment or rental claims. Established in *Forfom Development Corporation v. Philippine National Railways*, this principle underscores public policy prioritizing continued public service over the immediate property rights of landowners when compensable in monetary terms.

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Class Notes:

– ****Elements of Eminent Domain****: Institution of expropriation proceedings, fair compensation, possession-related proceedings.

– ****Jurisdictional and Procedural Aspects****: RTC’s scope in expropriation and compensation matters, MTC’s lack of jurisdiction for significant property valuations.

– ****Statutory Reference****: Rule 67, Sections 5 and 6 of the Rules of Court, Republic Act No. 9136 (Electric Power Industry Reform Act of 2001).

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Historical Background:

****Eminent Domain in Public Service****: Historically, eminent domain has been a critical legal mechanism to ensure that public utilities can secure land necessary for essential services while balancing the property rights of landowners. This case exemplifies the evolving interpretation of legal principles dating back to early 20th-century jurisprudence, emphasizing public necessity over rigid property laws within the scope of reasonable

compensation.