

Title: National Power Corporation (NPC) vs. Spouses Rufo and Tomasa Llorin

Facts:

- In 1978, the National Power Corporation (NPC) occupied a 10,500 sq. m. portion of the respondents Spouses Rufo and Tomasa Llorin's property in Brgy. San Felipe, Naga City, by erecting 69 kV Naga-Tinambac power transmission lines without any formal agreement or transfer of title.
- The Spouses Llorin and their predecessors-in-interest tolerated this occupation based on NPC's assurance that the structures were temporary and monthly rentals would be paid.
- On August 30, 2006, after NPC refused to vacate or pay rent, the Spouses Llorin sent a final demand.
- On October 27, 2006, the Spouses Llorin filed a complaint for unlawful detainer before the Municipal Trial Court in Cities (MTCC) in Naga City, leading to the Civil Case No. 12712.
- NPC argued that the action should be dismissed due to the transfer of the subject transmission assets to the National Transmission Corporation (TRANSCO) under Republic Act No. 9136, and the complaint was barred by prescription and laches.
- The MTCC ruled in favor of the Spouses Llorin on June 19, 2007, ordering NPC to vacate, pay monthly rentals, attorney's fees, and costs.
- This decision was upheld by the Regional Trial Court of Naga City on December 7, 2007, and by the Court of Appeals on June 27, 2008. NPC's subsequent motion for reconsideration was denied on January 12, 2011.

Issues:

1. Whether the MTCC had jurisdiction over the subject matter of the complaint.
2. Whether the complaint was barred by prescription and laches.
3. Whether TRANSCO was an indispensable party that should have been impleaded.
4. Whether the proper remedy was just compensation, not unlawful detainer.

Court's Decision:

- The Supreme Court reversed the lower courts' decisions, highlighting that the property has served a public purpose since 1978 under NPC's assumption of authority transferred to TRANSCO by RA 9136.
- As per the leading case in *National Transmission Corp. v. Bermuda Development Corp.*, unlawful detainer was deemed inappropriate, as expropriation or claiming just compensation are the proper routes given the public utility's power of eminent domain.
- The Supreme Court decided that the MTCC should have dismissed the case in favor of seeking just compensation.

- The considerable lapse in time constituted a waiver of the Spouses Llorin's right to recover possession, leaving them with the remedy of claiming just compensation.

Doctrine:

The ruling establishes that when public utility property is occupied without prior agreement or expropriation, the remedy lies not in unlawful detainer, but in expropriation proceedings or claiming just compensation, safeguarding public policy and necessity. Reference is made to Rule 67 of the Rules of Court on expropriation, reiterating that a landowner's action for ejectment against a public utility corporation is unavailing.

Class Notes:

- Key Concepts: Eminent domain, unlawful detainer, just compensation, public utility.
- Legal Provisions: RA 9136 - Transfer of electrical transmission functions to TRANSCO; Rule 67 - Expropriation.
- Application: Public utilities on private lands without expropriation necessitate seeking just compensation instead of ejectment due to public interest considerations.

Historical Background:

The case sits within the context of rapid electrification expansion in the Philippines, particularly in the late 20th century where utility corporations heavily exploited private lands for infrastructure without formal agreements. RA 9136, enacted in 2001, restructured the electricity industry, spinning utility functions to TRANSCO and impacting how legal proceedings like this occur regarding publicly purposed utilities on private lands.