

REPUBLIC OF THE PHILIPPINES, PLAINTIFF-APPELLANT, VS. JOSE C. TAYENGCO AND ALICIA SCHMID-ECHOLS, DEFENDANTS-APPELLEES.*G.R. No. L-23766. April 27, 1967*

Ponente: REYES, J.B.L., J.

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On 17 April 1957, the plaintiff-appellant Republic of the Philippines filed a complaint in the Court of First Instance of Iloilo (docketed there-in as its Civil Case No. 4368) for the expropriation of certain parcels of land needed for the widening and improvement of the Iloilo South Road. Simultaneously, it took possession of the properties involved. The defendants-appellees Jose C. Tayengco and Alicia Schmid Echols, who owned the lands, did not contest the plaintiff's right to expropriate, but objected to the amount of compensation which they contended should be P60.00 instead of P17.00 per square meter.

On 17 January 1958, plaintiff Republic deposited with the City Treasurer the sum of P12,149.22. Upon application by the defendants, the trial court, in an order on 25 January 1958, authorized them to withdraw the deposited amount, apportioned as follows: Jose C. Tayengco, P2,117.86; Alicia Schmid Echols, P10,131.36.

Finding the reasonable value of the properties to be P35.00 per square meter, as evaluated by the commissioners, the court a quo rendered judgment ordering the plaintiff to pay Jose C. Tayengco the total sum of P4,360.30 and to Alicia Schmid Echols the total sum of P20,652.80 "mas sus intereses legales a razon de 6% al año desde el 17 de abril 1957, pero debiendo acreditarse a favor de la demandante las cantidades recibidas respectivamente por los demandados en virtud de la Orden de 25 enero, 1958, como pagos parciales a cuenta del valor de sus respectivos terrenos." (Decision, Rec. on App. p. 66).

Plaintiff Republic moved to reconsider the decision, such that the interest should be imposed only on the balance after deducting the amount of the deposit from the total compensation; upon denial, it appealed to the Court of Appeals, which court, resolving the case as one involving purely a question of law, certified the same to the Supreme Court.

The plaintiff-appellant urges that since it had deposited the amount of P12,149.22 on 17 January 1958, the 6% interest should be limited only to the balance after deducting this amount from the total award of P25,013.10, a method of payment claimed to be in accord with *Republic vs. Lara, et al.*, 96 Phil. 170.

The foregoing proposition, although apparently valid, is, in fact, partially incorrect because in the present case, the appellant deposited the sum of P12,149.22 not at the time it filed the complaint on 17 April 1958 nor at the time it took possession of the properties, but only nine (9) months later, on 17 January 1958, while in the *Lara* case, the plaintiff deposited the provisional amount at the commencement of the proceedings. The proposition fails to recognize that interests had accrued from the time of taking of the condemned properties or from the time of filing of the complaint to the time the plaintiff made a deposit.

Applying to the facts at hand, the doctrine enunciated in *Philippine Railway Co. vs. Solon*, 13 Phil. 34; *Philippine Railway Co. vs. Duran*, 33 Phil. 163; and *Manila Railway Co. vs. Attorney-General*, 41 Phil. 161, reiterated in the cases of *Capitol Subdivision, Inc. vs. Province of Negros Occidental*, G. R. No. L-16257, 31 Jan. 1963 and *Republic vs. Yaptinchay*, G.R. No. L-13684, 26 July 1960, that owners of expropriated lands are entitled to recover interest from the date the condemnor takes possession of the lands and the amounts granted by the court shall cease to earn interest only from the moment they are paid to the owners or deposited in court, and following the method applied in the foregoing cases, including the *Lara* case, the defendants-appellees Tayengco and Echols should be paid legal interest on their respective awards of P4,360.30 and P20,625.80 from 17 April 1957; however, the amount of P12,149.22 (or P2,117.86 to Tayengco and P10,131.36 to Echols) shall cease to bear interest as of the date it was deposited on 17 January 1958.

Upon the foregoing premises, the appealed decision is hereby affirmed. No costs.

SO ORDERED.

Concepcion, C.J., Dizon, Regala, Makalintal, Bengzon, J.P., Zaldivar, Sanchez, and Castro, JJ., concur.

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