

NATIONAL CORPORATION, PLAINTIFF-APPELLANT, VS. ALLIED BANKING CORPORATION, REPRESENTED BY ITS PRESIDENT, FEDERICO C. PASCUAL, DEFENDANT-APPELLEE.

Ponente: DE GUIA-SALVADOR, R., J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/228d22c1cf64/>

DE GUIA-SALVADOR, R., J.:

The appeal at bench seeks the modification of the Order[1] dated July 14, 2011 issued by the Regional Trial Court of Tanauan City, Batangas, Branch 83 (court a quo), in Civil Case No. C-074, the dispositive portion of which, reads:

“WHEREFORE, in light of all the foregoing, and as agreed by the parties, judgment is hereby rendered ordering the plaintiff to pay just compensation which is hereto fixed by this Court in the amount of One Thousand Five Hundred Pesos (P1,500.00) per square meter for the total area of the subject property of 15,240.05 square meters.

Furnish copies of this Order to the parties and their respective counsels.

SO ORDERED.”[2]

The Facts

Plaintiff-appellant National Power Corporation (NAPOCOR) is a government-owned and controlled corporation[3] tasked among others, to undertake the transmission of electric power on a nationwide basis and to engage in the construction, operation and maintenance of power plants for the purpose of supplying power to the inhabitants of the Philippines.[4] To accomplish its objectives, NAPOCOR was vested with the power of eminent domain.[5]

In fulfillment of its mandate, NAPOCOR commenced the construction of the Calaca-Dasmariñas 230 KV Transmission Line Project, for which it sought to acquire easements of right-of-way over the following parcels of land measuring 17,404.25 square meters located in Barangay Palipanan, Laurel, Batangas, and registered under the name of the defendant-appellant Allied Banking Corporation (Allied Bank),[6] viz:

Lot/

Block No.

TD No.

TCT No.

Total

Area in

sq. m.

Area
affected in sq. m.

Assessed
Value of
Area
Affected

4-2 017-00015 T-30800 1,199 520
P2,184.00

6-2[7] 017-00016 T-30801 2,178 40 P168.00

10-2[8] 017-00017

T-30802

2,784 407.5 P1,711.50

11-2 017-00018 T-30803 2,765 1,172 P4,922.4

12-2 017-00019
T-30804
1,880
648 P2,721.60

14-2 017-00020 T-30805 2,607 1,197 P5,027.40

16-2 017-00021 T-30806 1,070 343 P1,440.60

17-2 017-00022 T-30807 2,216 1,274 P5,350.80

20-2
017-00023 T-30808 1,903 1,250
P5,250.00

21-2 017-00024
T-30809 1,239 420 P1,764.00

22-2 017-00025 T-30810 1,204 324 P1,360.80

23-2 017-00026 T-30811 2,718 1,128 P4,737.60

26-2 017-00027 T-30812 2,289 796.25 P3,344.25

28-2 017-00028 T-30813 2,487 1,587.5 P6,667.50

29-2 017-00029 T-30814 1,354 480 P2,016.00

30-2 017-00030 T-30815 1,220 504 P2,116.80

25-3

017-00054 T-30839 3,260 1,314 P5,518.80

26-3 017-00040 T-30840 2,632

2,072

P8,702.40

27-3 017-00056 T-30841

2,696 899 P3,775.80

1-4 017-00064 T-30849 1,290 259 P1,087.80

29-3 017-00058 T-30843 3,446 769.5 P3,231.90

TOTAL 56,682 17,404.25 P73,099.95[9]

NAPOCOR and Allied Bank commenced negotiations for the former's acquisition of right-of-way easements over the above-mentioned properties, but failed to reach an agreement.[10] Consequently, on January 25, 1996, NAPOCOR filed a Complaint for expropriation,[11] which was later amended to exclude Lots-6-2 and 10-2 of TCT Nos. T-30801 and T-30802, after it was found that they were not affected by the construction of the Calaca-Dasmariñas 230 KV Transmission Line Project. Accordingly, the area sought to be expropriated was reduced to 15,240.5 square meters.[12]

Meanwhile, on March 1, 1996, NAPOCOR deposited with the Philippine National Bank, NPC Branch, Diliman, Quezon City, the amount of P73,099.95, representing the provisional value of the properties sought to be expropriated.[13] On March 20, 1996, NAPOCOR filed an Urgent Ex-Parte Motion for the Issuance of a Writ of Possession.[14]

On September 9, 1996, the court a quo granted the motion and issued a Writ of Possession[15] in favor of NAPOCOR. On November 27, 1996, the sheriff turned over the possession of Allied Bank's properties to NAPOCOR.[16]

On September 19, 2001, the court a quo appointed Allen Morales,[17] Engineer Eladio Taupa[18] and Aida Villanueva[19] as commissioners to determine the amount of just compensation for the expropriated properties. On May 16, 2006, Engineer Eladio Taupa, NAPOCOR's representative, submitted his Report,[20] recommending the amount of P1,500.00 per square meter as just compensation for the expropriated parcels of land. The amount of P1,500.00 was based on the acquisition cost of the adjacent parcels of land owned by Greenthumb Realty Development Inc., which lots were also purchased by NAPOCOR.[21]

On November 13, 2006, Allied Bank filed a Manifestation and Motion, signifying its willingness to accept the amount of P1,500.00 as just compensation for its expropriated properties.[22] Pursuant thereto, the court a quo issued an Order dated October 19, 2006 fixing the amount of just compensation at P1,500.00 per square meter.[23] On June 27, 2007, Allied Bank filed an Omnibus Motion,[24] praying for the court a quo to render a decision directing NAPOCOR to pay the amount of just compensation as well as the commissioner's fees and

other costs of suit.

The RTC Decision

On January 19, 2009, the court a quo rendered a Decision, fixing the amount of just compensation at P1,500.00 per square meter as agreed upon by NAPOCOR and Allied Bank. The dispositive portion of the Decision reads:

“WHEREFORE, in light of all the foregoing and as agreed by the parties, judgment is hereby rendered ordering the plaintiff to pay just compensation which is hereto fixed by this Court in the amount of One Thousand Five Hundred (P1,500.00) Pesos per square meter.

SO ORDERED.”[25]

On February 13, 2009, NAPOCOR filed a Motion for Reconsideration,[26] arguing that the said decision is contrary to law and jurisprudence for failure of the court a quo to state in the dispositive portion thereof that (i) the amount of P1,500.00 per square meter represents the acquisition cost of the expropriated lots; and (ii) the area actually affected by the transmission project comprises of 15,240.5 square meters.[27]

On July 14, 2011, the court a quo issued the assailed Order[28] partially granting NAPOCOR's Motion for Reconsideration, which in pertinent portions reads:

xxx

xxx

xxx

“The Court resolves to PARTIALLY GRANT the plaintiff's “Motion for Reconsideration”, particularly, regarding the inclusion of the total area of the subject property in the dispositive portion of the Decision dated January 19, 2009.

However, the inclusion in the dispositive portion of the decision that the just compensation of PhP1,500.00 per square meter represents the acquisition cost of the subject property is not necessary. Contrary to the plaintiff's position there is nothing vague in the dispositive portion of the Decision dated January 19, 2009. On the contrary, it was very clear and specific that the just compensation for the subject property was fixed at PhP1,500.00 per square meter. The only matter which was needed to be added was the total area of the subject property, which was 15,240.05 square meters, and the total amount of just compensation due.

xxx

xxx

xxx”

Aggrieved, NAPOCOR perfected its appeal with the timely filing of its August 15, 2011 Notice of Appeal.[29]

The Issue

In this appeal, NAPOCOR seeks the modification of the July 14, 2011 Order on a lone error, to wit:

“THE TRIAL COURT ERRED IN NOT STATING IN THE DISPOSITIVE PORTION OF ITS DECISION THAT THE AMOUNT OF ONE THOUSAND FIVE HUNDRED PESOS (P1,500.00) CONSTITUTES THE ACQUISITION COST OF THE LOTS OWNED BY DEFENDANT-APPELLEE WHICH WERE AFFECTED BY PLAINTIFF-APPELLANT'S TRANSMISSION LINE PROJECT.”[30]

NAPOCOR asserts that it acquired title to and ownership of the expropriated properties after it had paid Allied Bank the full acquisition cost thereof,[31] and not just the easement fee of ten percent (10%) of the expropriated properties' market value.[32] Accordingly, an inclusion in the dispositive portion of a statement that the amount of P1,500.00 per square meter constitutes the acquisition cost is necessary to conform to the evidence and the agreement of the parties.[33]

On the other hand, Allied Bank counters that the amount of P1,500.00 per square meter represented only the just compensation for the right-of-way easement and the consequential damages borne by the construction and maintenance of the transmission lines.[34] Hence, its payment of the amount of P1,500.00 per square meter did not vest title and ownership of the expropriated properties on NAPOCOR.[35]

The Court's Ruling

We find the appeal bereft of merit.

Eminent domain is the authority and right of the State to seize private property for public use upon the observance of due process of law and the payment of just compensation.[36] The State's power of eminent domain is limited by the constitutional mandate that private property shall not be taken for public use without the payment of just compensation.[37] Corollarily, just compensation is defined as the "full and fair equivalent of the property sought to be expropriated,"[38] which represents its market value or "that sum of money which a person desirous but not compelled to buy, and an owner willing but not compelled to sell, would agree on as a price to be given and received therefore." [39]

Significantly, the power of eminent domain may be validly delegated to local governments, public entities and public utilities, such as NAPOCOR.[40] Under its charter,[41] NAPOCOR is granted the authority to acquire properties necessary for the construction of generation and transmission facilities,[42] upon the payment of just compensation.

The Supreme Court has ruled in a catena of cases that in the acquisition of a right-of-way easement over private properties needed for the construction of transmission lines, NAPOCOR must pay their full market value, as opposed to a meager easement fee.[43] Fairness dictates that the owner should be compensated for the monetary equivalent of his land if the easement perpetually or indefinitely deprives him of his proprietary rights through the imposition of conditions that affect the ordinary use, free enjoyment and disposal of his property, or when the introduction of structures or objects increase the probability of injury, death or destruction of life and property.[44] In the said cases, the High Court ruled that despite the payment of the expropriated properties' full market value, the right-of-way easement transmits no rights except for the easement itself, and the owners nonetheless retain full ownership over the properties expropriated.[45]

In the case at bench, there is no dispute regarding the right of NAPOCOR to expropriate the properties of Allied Bank for the amount of just compensation due to the latter. Instead, the disagreement pertains to whether or not NAPOCOR's payment of the amount of P1,500.00 per square meter as just compensation for the expropriated properties carries with it a concomitant transfer of title or ownership over the properties taken in favor of NAPOCOR.

We rule in the negative.

In NAPOCOR vs. Maruhom, et al.,[46] the Supreme Court brushed aside NAPOCOR's argument to the effect that the payment of the market value of the expropriated properties carried with it the correlative right to obtain title or ownership of the land taken, and ruled thus:

XXX

XXX

XXX

“Indeed, expropriation is not limited to the acquisition of real property with a corresponding transfer of title or possession. The right-of-way easement resulting in a restriction or limitation on property rights over the land traversed by transmission lines also falls within the ambit of the term expropriation.

XXX

XXX

XXX

"Normally, of course, the power of eminent domain results in the taking or appropriation of title to, and possession of, the expropriated property; but no cogent reason appears why said power may not be availed of to impose only a burden upon the owner of condemned property, without loss of title and possession. It is unquestionable that real property may, through expropriation, be subjected to an easement of right-of-way."

XXX

XXX

XXX

In *Camarines Norte Electric Cooperative, Inc. v. Court of Appeals and National Power Corporation v. Manubay Agro-Industrial Development Corporation*, this Court sustained the award of just compensation equivalent to the fair and full value of the property even if petitioners only sought the continuation of the exercise of their right-of-way easement and not the ownership over the land. There is simply no basis for NPC to claim that the payment of fair market value without the concomitant transfer of title constitutes an unjust enrichment.”[47] (Emphasis supplied)

XXX

XXX

XXX

Similarly, in *NAPOCOR vs. Tuazon, et al.*,[48] the High Court pointed out that the exercise of the power of eminent domain necessarily includes the imposition of right-of-way easements upon the condemned property without loss of title or possession.

All told, the right-of-way easement acquired by NAPOCOR transmitted to it no rights other than the right of easement itself, while full ownership of the expropriated properties remained with Allied Bank.[49] Since the construction of the transmission lines will result to a restriction and limitation of its property rights over the affected lands, pose danger to life and limb, and deprive it of their normal and beneficial use,[50] Allied Bank is entitled to a remuneration equivalent to the full market value of its properties.[51] However, NAPOCOR's payment of P1,500.00 per square meter cannot be considered as acquisition cost of the expropriated properties, there being no transfer of title or ownership over the said properties in its favor. Rather, such payment was correctly denominated as just compensation for being a proper measure of recompense for the installation of the high-powered transmission lines over Allied Bank's lands. We find no cogent reason to warrant a modification of the court a quo's assailed Order.

WHEREFORE, the appeal is DENIED for lack of merit and the appealed Order dated July 14, 2011 issued in Civil Case No. C-074 is AFFIRMED.

SO ORDERED.

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, it is hereby certified that the conclusions in the above decision were reached in consultation before the case was assigned to the writer of the opinion of the Court.

Garcia, R. R., amd Bueser, D.Q., JJ., concur.

[1] Records, p. 449. The Notice of Appeal was filed against the Order dated July 14, 2009, issued by the court a quo resolving the Motion for Reconsideration filed by NAPOCOR.

[2] Id.

[3] Records, p. 1.

[4] RA 6395, An Act Revising the Charter of the National Power Corporation, Section 2; Section 3(g)

[5] Id., Section 3(j)

[6] Supra note 1, pp. 2-3

[7] Lot 6-2 was later excluded from the properties sought to be expropriated in the Amended Complaint filed on August 1, 1996.

[8] Lot 10-2 was later excluded from the properties sought to be expropriated in the Amended Complaint filed on August 1, 1996.

[9] Supra note 1, pp. 2-3. The resulting area was reduced to 15,240.5, with a corresponding assessed value of P64,010.00. (Records, p. 115)

[10] Id., p. 4

[11] Id., p. 6

[12] Id., pp. 109-119

[13] Id., p. 77; p. 84

[14] Id., pp. 77-79

[15] Id., pp. 143-144

[16] Id., p. 145

[17] Allied Bank nominated Allen E. Morales as its recomendée. (Records, p. 313). Allied Bank's representative Allen Morales was later on replaced by Gil Rosario, Jr.. The substitution was allowed by the court a quo in its Order dated April 7, 2006. (Records, p. 374)

[18] NAPOCOR nominated Engineer Eladio R. Taupa of Land and Land Rights Department, NAPOCOR as its commissioner. (Records, p. 295)

[19] The court a quo's representative. (Records, p. 326)

[20] Supra note 1, pp. 375-376

[21] Id., p. 376

[22] Id., p. 393

[23] Id., p. 397

[24] Id., pp. 414-416

[25] Id., p. 433

[26] Id., pp. 434-438

[27] Id., p. 435

[28] Id., p. 449

[29] Id., pp. 450-451

[30] Rollo, p. 30

[31] Id., p. 31

[32] Id., p. 100

[33] Id., p. 31

[34] Id., pp. 72-73

[35] Id., p. 73

[36] Republic of the Philippines vs. Bank of the Philippines Islands, G.R. No. 203039, September 11, 2013, citing National Power Corporation v. Court of Appeals, 479 Phil. 850, 860 (2004), citing Visayan Refining Co. v. Camus, 40 Phil. 550 (1919).

[37] 1987 Philippine Constitution, Article III, Section 9.

[38] B.H. Berkenkotter and Co. vs. Court of Appeals and the Republic of the Philippines, G.R. No. 89980 December 14, 1992.

[39] Id.

[40] National Power Corporation vs. Court of Appeals and Pobre, G.R. No. 106804, August 12, 2004, citing Moday vs. Court of Appeals, G.R. No. 107916, February 20, 1997, 268 SCRA 586

[41] Supra note 4

[42] National Power Corporation vs. Spouses Iletto, et al., G.R. No. 169957-G.R. No. 171558, July 11, 2012, citing Section 3(h) of RA No. 6395, as amended

[43] National Power Corporation vs. Spouses Bernardo and Saldares, G.R. No. 189127, April 25, 2012, citing National Power Corporation v. Ong Co, G.R. No. 166973, 10 February 2009; NAPOCOR vs. Spouses Zabala and Baylon, G.R. No. 173520, January 30, 2013; Spouses Cabahug vs. National Power Corporation, G.R. No. 186069, January 30, 2013; National Power Corporation vs. Tiangco, et al., G.R. No. 170846, February 6, 2007; National Power Corporation vs. Spouses Iletto, et al., G.R. No. 169957-G.R. No. 171558, July 11, 2012

[44] Spouses Cabahug vs. National Power Corporation, G.R. No. 186069, January 30, 2013, citing National Power Corporation v. Tiangco, G.R. No. 170846, 6 February 2007.

[45] National Power Corporation vs. Tiangco, et al., G.R. No. 170846, February 6, 2007, citing NPC v. Manubay Agro-Industrial Development Corporation, G.R. No. 150936, August 18, 2004

[46] G.R. No. 183297, December 23, 2009

[47] Id., citing National Power Corporation v. San Pedro, G.R. No. 170945, September 26, 2006, 503 SCRA 333, 353; Camarines Norte Electric Cooperative, Inc. v. Court of Appeals, G.R. No. 109338, November 20, 2000, 345 SCRA 85; National Power Corporation v. Manubay Agro-Industrial Development Corporation, G.R. No. 150936, August 18, 2004, 437 SCRA 60, 67.

[48] G.R. No. 193023, June 22, 2011

[49] Supra note 46

[50] Id.

[51] National Power Corporation vs. Spouses Zabala and Baylon, G.R. No. 173520, January 30, 2013

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.