

ARNEL DILAY DIAZ, PLAINTIFF-APPELLEE, VS. PHILIPPINE PORTS AUTHORITY, DEFENDANT-APPELLANT.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/482e91c38cce/>

GALAPATE-LAGUILLES, J:

Before Us is an Appeal from the Decision[1] dated October 3, 2011 of the Regional Trial Court, Branch 2, Batangas City rendered in Civil Case No. 8289, an action for judicial determination of just compensation. The fallo of the appealed Decision reads:

WHEREFORE, in view of the foregoing the petition is hereby given due course. For now, the defendant is hereby directed to pay the plaintiff the amount equivalent to 100% zonal valuation of the property pursuant to the mandate of R.A. No. 8974.

The parties are hereby directed, within fifteen (15) days from receipt of this decision, to submit the names of their respective representatives to the commission for the determination of just compensation.

A reasonable per diem shall be paid the members of the commission to be shouldered by the plaintiff and defendant share and share alike. The commission is directed to complete its undertaking and to render report within ninety (90) days from its constitution.

SO ORDERED.[2]

The facts follow.

The present controversy involves an unregistered parcel of land located in Sta. Clara, Batangas City, with an area of Nine Hundred Seventy (970) square meters and was declared for taxation purposes under Tax Declaration No. 090 01615[3] in the name of Arnel Diaz (Diaz). Sometime in 1996, the Philippine Ports Authority (PPA), in the exercise of its power and authority to expropriate private property, expropriated several parcels of land near the harbor of Sta. Clara, Batangas City, including the untitled lot claimed by Diaz, for the construction of a new building for the Bureau of Customs. In 1999, the PPA paid just compensation to the other lot owners affected by the construction project, except Diaz. Accordingly, Diaz and his family, through the Office for Legal Services of Batangas City, wrote several letters[4] to the PPA formally requesting that they be paid just compensation for the taking of their property. However, the PPA insisted that the government was not obliged to pay the Diazes because they did not have a Torrens title over the subject property.[5] Thus, on January 10, 2008, Diaz filed a Complaint[6] for judicial determination of just compensation against the PPA.

On October 3, 2011, the RTC rendered the appealed Decision, the fallo of which We have quoted at the outset, ruling that there was sufficient evidence proving Diaz's ownership of the expropriated land. According to the

RTC, the approved sales application of Perpetuo, the Certification attesting that the subject lot was part of the alienable and disposable land of the public domain as well as plaintiff's tax declaration consistently constitute great weight evidencing ownership.[7]

Aggrieved, the Philippine Ports Authority filed the instant appeal arguing that the trial court erred in granting Diaz's complaint for judicial determination of just compensation.[8] In its Brief, appellant PPA stands firm in its position that a claimant in expropriation proceeding may be entitled to payment of just compensation when he successfully proves his title or absolute ownership of the property.[9] It further argues that Diaz failed to demonstrate his absolute title over the subject property, hence, he cannot demand payment of just compensation.

Appellee Diaz counters that his evidence, which remains undisputed and unrebutted, sufficiently proves his ownership of the subject property.

After the parties filed their respective Briefs, the case was deemed submitted for decision on May 27, 2013.[10] While the appeal was pending for resolution, Diaz and the PPA entered into a Compromise Agreement on January 29, 2014, the pertinent provisions of which are quoted hereunder:

xxx

This Agreement made and entered into by and between:

PHILIPPINE PORTS AUTHORITY, a government instrumentality, created under Presidential Decree No. 857, as amended, with office address at Philippine Ports Authority Building, A. Bonifacio Drive, South Harbor, Port Area, Manila, represented herein by its General Manager, JUAN C. STA. ANA, duly authorized under BoardCom Resolution No. 2013-1335, as confirmed by Board Resolution No. 2312 adopted on 11 April 2013, hereinafter referred to as the FIRST PARTY;

-and-

ARNEL DILAY DIAZ, Filipino, of legal age, and resident of Barangay Sta. Clara, Batangas City, hereinafter referred to as the SECOND PARTY;

WITNESSETH

xxx

WHEREAS, on September 19, 2012, the FIRST PARTY through the Office of the Solicitor General (OSG) filed an appeal before the Court of Appeals docketed as CA-GR, Civil Case No. 97963 which to date is still pending;

WHEREAS, while pending at the Court of Appeals, the SECOND PARTY was able to present an Order of Award by the Department of Environment and Natural Resources (DENR) approving the Sales Patent;

WHEREAS, the Parties, being cognizant of the deleterious effect of a protracted litigation, explored the possibilities for the early and amicable settlement of this case;

WHEREAS, after a series of good faith discussions and negotiations and with the end view to settle the issue, and in view of the newly presented Order of Award, the herein Parties have agreed to resolve their differences and enter into this Compromise Agreement under the terms and conditions hereinafter set forth relative to the property xxx:

xxx

NOW, THEREFORE, for and in consideration of the foregoing premises and of the stipulations, covenants, terms and conditions hereinafter set forth, the Claimant and the Respondent hereby mutually agree, as follows:

1. The FIRST PARTY shall pay the Claimant the amount of FOUR MILLION EIGHT HUNDRED FIFTY THOUSAND PESOS (Php 4,850,000.00) as full compensation for the nine hundred seventy (970) square meter[s] lot including the improvements thereon, if any, of the SECOND PARTY at a price of Php 5,000.00 per square meter, free from all liens and encumbrances of any kind and nature;
2. The SECOND PARTY hereby warrants unto the FIRST PARTY, its assignees, executors[,] and successors-in-interest peaceful possession and absolute full title and ownership over the property;
3. Upon the execution of this Compromise Agreement, the SECOND PARTY binds [himself] to execute, sign and deliver all papers and documents, as may be necessary and proper to effect transfer of title of the property to the Defendant/Appellant;
4. The capital gains tax, documentary stamp tax and real property [tax] that may be due and owing to the government before the execution of this Compromise Agreement shall be for the account of the SECOND PARTY while the transfer fee, notarial fee and such other incidental expenses shall be for the account of the FIRST PARTY;
5. The SECOND PARTY having received the herein just compensation hereby RELEASES, DISCHARGES [AND] FOREVER QUITCLAIMS THE FIRST PARTY and all its officers, agents and assigns, from any and all claim or right of action of whatever nature in connection with the above case.
6. This Compromise Agreement shall take effect upon approval by the Office of the Solicitor General and the

Court of Appeals.

WHEREFORE, premises considered, it is respectfully [prayed] of this Honorable Tribunal that a Decision in this case be rendered based on the foregoing terms and conditions agreed and entered into by the Parties.[11]

On March 3, 2014, the Office of the Solicitor General filed a Joint Omnibus Motion[12] to withdraw the herein appeal and to approve the Compromise Agreement entered into by the parties on January 29, 2014.

A compromise agreement is “a contract whereby the parties, by making reciprocal concessions, avoid a litigation or put an end to one already commenced.”[13] It is a form of amicable settlement that is not only allowed but also encouraged in civil cases. Thus, Article 2029 of the Civil Code mandates that a “court shall endeavor to persuade the litigants in a civil case to agree upon some fair compromise.” Being a consensual contract, it is perfected upon the meeting of the minds of the parties. Judicial approval is not required for its perfection.[14] However, the parties to the compromise are not precluded from securing judicial approval thereof, and the court is authorized to render judgment based on the said compromise.

Here, it appears that the parties willingly and intelligently entered into an amicable settlement to end the action for judicial determination of just compensation, including the appeal filed before the Court. Likewise, the terms and conditions set forth in the Compromise Agreement are not contrary to law, morals, good customs and public policy. Worthy of note is that the said agreement was accorded review by the Office of the Solicitor General, PPA's counsel in this appeal, which then filed the Joint Omnibus Motion seeking judicial approval of the amicable settlement of the parties as well as the withdrawal of the instant appeal. Accordingly, We stamp with judicial imprimatur the Compromise Agreement entered into by the PPA and Diaz, which becomes the law between them, and consider the herein appeal as deemed terminated.

WHEREFORE, premises considered, We GRANT the Joint Omnibus Motion filed by the Office of the Solicitor General. The Compromise Agreement dated January 29, 2014 is APPROVED and the instant appeal is hereby WITHDRAWN and DEEMED TERMINATED.

SO ORDERED.

Librea-Leagogo, (Chairperson), and Diamante, JJ., concur.

[1] Records, pp. 325-333. Penned by Judge Maria Cecilia I. Austria.

[2] Id., p. 333.

[3] Records, p. 201

[4] Records, pp. 220-223

[5] Records, p. 224

[6] Records, pp. 1-7.

[7] Id., p. 331.

[8] Rollo, 34.

[9] Id., p. 36.

[10] *Id.*, p. 95.

[11] *Id.*, pp. 100-102.

[12] *Id.*, pp. 96-99.

[13] Article 2028 of the Civil Code.

[14] *Sanchez, et al. v. Court of Appeals, et al.*, G.R. No. 108947, September 29, 1997.

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.