

PHILIPPINE EXECUTIVE COMMISSION (NOW REPUBLIC OF THE PHILIPPINES), PLAINTIFF AND APPELLANT, VS. PROCESO ESTACIO, DEFENDANT AND APPELLEE.*G.R. No. L-7260. January 21, 1956*

Ponente: PARAS, C.J.

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This is an appeal from a decision in an expropriation proceeding commenced in the Court of First Instance of Pangasinan by the Solicitor General (in behalf of the Philippine Executive Commission, now the Republic of the Philippines, plaintiff-appellant) on May 5, 1943. The defendant-appellee, Proceso Estacio (owner of 40,400 square meters of the land expropriated), was one of the many defendants. The appellant was placed in possession of the land after depositing the provisional value of P10,199.17 with the court. The representative of the Government destroyed the standing crops on appellee's land to carry out the purpose of the expropriation. In 1947, by agreement between appellant and appellee, the value of the latter's land was paid, leaving only the matter of the damages to his crops.

On October 1, 1949, appellee, among other owners, wrote the Project Engineer of the Agno River Control stating that they "are agreeable to the proposition of your office that damage be assessed at the rate of P0.05 per square meter." Payment of appellee's claim was accordingly recommended, but due to lack of funds nothing was done.

On July 28, 1950, appellee filed a motion praying for payment of his claim for damages with legal interest from the date of the filing of the complaint. The Court of First Instance of Pangasinan rendered a decision ordering appellant, through the Agnot Eiver Control Project, to pay the appellee the sum of P2,020 with legal interest from the date of occupancy by appellant of appellee's land (May 13, 1943). Appellant paid only P2,020, but refused to pay the interest awarded. Indeed, appellant moved for a reconsideration, alleging that "the government is not bound to pay interest except when it has expressly agreed to do so by contract or when the statute so provides." As this was denied, the plaintiff appealed, contending that the lower court erred in ordering the payment of legal interest on the amount of P2,020 from May 13, 1943, and in ruling that after appellant had chosen to pay P2,020, it accepted the entire Judgment which thereby became final.

In the case of Republic of the Philippines, vs. Lara et al., 50 Off. Gaz., 5778, we held that the owners of appropriated land are entitled to recover interest from the date the Government takes possession of the condemned land, 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. In Manila Railroad vs. Attorney General, 41 Phil., 163, this Court held that the value of the land includes also that of the crops. Accordingly, appellant was correctly held liable for the payment of interest. However, as appellant deposited the provisional value of P10,199.17 upon taking possession, and the sum of P1,616 corresponded to appellee, appellant's liability for interest should be only on the difference between P2,020 and P1,616, or P404.

We cannot agree with appellant's contention that it is not liable for interest because there was a settlement as to

the amount of damages. It is noteworthy that said amount was arrived at long after the institution of the expropriation proceeding, and payment was not made until the court issued the corresponding order in said proceeding nearly two years after the determination of the value.

Appellant's argument that its payment of the sum of P2,020 as damages, did not render the appealed decision final, is correct. Obviously appellant had to pay to prevent the running of interest; and its opposition to the award of interest, was timely registered by the filing of its motion for reconsideration.

Wherefore, the appealed decision is hereby modified in the sense that appellant shall pay interest only on the amount of P404. So ordered without costs.

Padilla, Montemayor, Reyes, A., Bautista Angelo, Labrador, Concepcion, and Reyes, J. B. L., JJ., concur.

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