

COMMISSIONER OF PUBLIC HIGHWAYS, PETITIONER, VS. HON. FRANCISCO P. BURGOS, IN HIS CAPACITY AS JUDGE OF THE COURT OF FIRST INSTANCE OF CEBU CITY, BRANCH II, AND VICTORIA AMIGABLE...

G.R. No. L-36706. March 31, 1980

Ponente: DE CASTRO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/fc5f1c2596f5/>

DE CASTRO, J.:

Victoria Amigable is the owner of parcel of land situated in Cebu City with an area of 6,167 square meters. Sometime in 1924, the Government took this land for road-right-of-way purpose. The land had since become streets known as Mango Avenue and Gorordo Avenue in Cebu City.

On February 6, 1959, Victoria Amigable filed in the Court of First Instance of Cebu a complaint, which was later amended on April 17, 1959 to recover ownership and possession of the land, and for damages in the sum of P50,000.00 for the alleged illegal occupation of the land by the Government, moral damages in the sum of P25,000.00, and attorney's fees in the sum of P5,000.00, plus costs of suit. The complaint was docketed as Civil Case No. R-5977 of the Court of First Instance of Cebu, entitled "Victoria Amigable vs. Nicolas Cuenca, in his capacity as Commissioner of Public Highway and Republic of the Philippines." [1]

In its answer, [2] the Republic alleged, among others, that the land was either donated or sold by its owners to the province of Cebu to enhance its value, and that in any case, the right of the owner, if any, to recover the value of said property was already barred by estoppel and the statute of limitations, defendants also invoking the non-suability of the Government.

In a decision rendered on July 29, 1959 by Judge Amador E. Gomez, the plaintiff's complaint was dismissed on the grounds relied upon by the defendants therein. [3] The plaintiff appealed the decision to the Supreme Court where it was reversed, and the case was remanded to the court of origin for the determination of the compensation to be paid the plaintiff-appellant as owner of the land, including attorney's fees. [4] The Supreme Court decision also directed that to determine just compensation for the land, the basis should be the price or value thereof at the time of the taking. [5]

In the hearing held pursuant, to the decision of the Supreme Court, the Government proved the value of the property at the time of the taking thereof in 1924 with certified copies, issued by the Bureau of Records Management, of deeds of conveyance executed in 1924 or thereabouts, of several parcels of land in the Banilad Friar Lands in which the property in question is located, showing the price to be at P2.37 per square meter. For her part, Victoria Amigable presented newspaper clippings of the Manila Times showing the value of the peso to the dollar obtaining about the middle of 1972, which was P6.775 to a dollar.

Upon consideration of the evidence presented by both parties, the court which is now the public respondent in the instant petition, rendered judgment on January 9, 1973 directing the Republic of the Philippines to pay Victoria

Amigable the sum of P49,459.34 as the value of the property taken, plus P145,410.44 representing interest at 6% on the principal amount of P49,459.34 from the year 1924 up to the date of the decision, plus attorney's fees of 10% of the total amount due to Victoria Amigable, or a grand total of P214,356.75.[6]

The aforesaid decision of the respondent court is now the subject of the present petition for review by certiorari, filed by the Solicitor General as counsel of the petitioner, Republic of the Philippines, against the landowner, Victoria Amigable, as private respondent. The petition was given due course after respondents had filed their comment thereto, as required. The Solicitor General, as counsel of petitioner, was then required to file petitioner's brief and to serve copies thereof to the adverse parties.[7] Petitioner's brief was duly filed on January 29, 1974,[8] to which respondents filed only a "comment,"[9] instead of a brief, and the case was then con-sidered submitted for decision.[10]

1. The issue of whether or not the provision of Article 1250 of the New Civil Code is applicable in determining the amount of compensation to be paid to respondent Victoria Amigable for the property taken is raised because the respondent court applied said Article by considering the value of the peso to the dollar at the time of hearing, in determining due com-pensation to be paid for the property taken. The Solicitor General contends that in so doing, the respondent court violated the order of this Court, in its decision in G.R. No. L-26400, February 29, 1972, to make as basis of the determination of just compensation the price or value of the land at the time of the taking.

It is to be noted that respondent judge did consider the value of the property at the time of the taking, which as proven by the petitioner was P2.37 per square meter in 1924. However, applying Article 1250 of the New Civil Code, and considering that the value of the peso to the dollar during the hearing in 1972 was P6.775 to a dollar, as proven by the evidence of the private respondent Victoria Amigable, the Court fixed the value of the property at the deflated value of the peso in relation, to the dollar, and came up with the sum of P49,459.34 as the just compensation to be paid by the Government. To this action of the respondent judge, the Solicitor General has taken excep-tion.

Article 1250 of the New Civil Code seems to be the only provision in our statutes which provides for payment of an obligation in an amount different from what has been agreed upon by the parties because of the supervention of extra-ordinary inflation or deflation. Thus, the Article provides:

"ART. 1250. In case extra-ordinary inflation or deflation of the currency stipulated should supervene, the value of the currency at the time of the establish-ment of the obligation shall be the basis of payment, unless there is an agreement to the contrary."

It is clear that the foregoing provision applies only to cases where a contract or agreement is involved, It does not apply where the obligation to pay arises from law, independent of contract. The taking of private property by the Government in the exercise of its power of eminent domain does not give rise to a contractual obligation. We have expressed this view in the case of Velasco vs. Manila Electric Co., et al., L-19390, December 29, 1971.[11]

Moreover, the law as quoted, clearly provides that the value of the currency at the time of the establishment of the obligation shall be the basis of payment which, in cases of expropriation, would be the value of the peso at the time of the taking of the property when the obligation of the Government to pay arises.[12] It is only when there is an "agreement to the contrary" that the extraordinary inflation will make the value of the currency at the time of payment, not at the time of the establishment of the obligation, the basis for payment. In other words, an agreement is needed for the effects of an extraordinary inflation to be taken into account to alter the value of the currency at the time of the establishment of the obligation which, as a rule, is always the determinative element, to be varied by agreement that would find reason only in the supervention of extraordinary inflation or deflation.

We hold, therefore, that under the law, in the absence of any agreement to the contrary, even assuming that there has been an extraordinary inflation within the meaning of Article 1250 of the New Civil Code, a fact We decline to declare categorically, the value of the peso at the time of the establishment of the obligation, which in the instant case is when the property was taken possession of by the Government, must be considered for the purpose of determining just compensation. Obviously, there can be no "agreement to the contrary" to speak of because the obligation of the Government sought to be enforced in the present action does not originate from contract, but from law which, generally is not subject to the will of the parties. And there being no other legal provision cited which would justify a departure from the rule that just compensation is determined on the basis of the value of the property at the time of the taking thereof in expropriation by the Government, the value of the property as it is when the Government took possession of the land in question, not the increased value resulting from the passage of time which invariably brings unearned increment to landed properties, represents the true value to be paid as just compensation for the property taken.[13]

In the present case, the unusually long delay of private respondent in bringing the present action--a period of almost 25 years--which a stricter application of the law on estoppel and the statute of limitations and prescription may have divested her of the rights she seeks in this action over the property in question, is an added circumstance militating against payment to her of an amount bigger--nay three-fold more--than the value of the property as should have been paid at the time of the taking. For conformably to the rule that one should take good care of his own concern, private respondent should have commenced proper action soon after she had been deprived of her right of ownership and possession over the land, a deprivation she knew was permanent in character, for the land was intended for, and had become, avenues in the City of Cebu. A penalty is always visited upon one for his inaction, neglect or laches in the assertion of his rights allegedly withheld from him, or otherwise transgressed upon by another.

From what has been said, the correct amount of compensation due private respondent for the taking of her land for a public purpose would be not P49,459.34, as fixed by the respondent court, but only P14,615.79 at P2.37 per square meter, the actual value of the land of 6,167 square meters when it was taken in 1924. The interest in the sum of P145,410.44 at the rate of 6% from 1924 up to the time respondent court rendered its decision, as was awarded by the said court should accordingly be reduced.

In Our decision in G.R. No. L-26400, February 29, 1972,[14] We have said that Victoria Amigable is entitled to the legal interest on the price of the land from the time of the taking. This holding is however contested by the Solicitor General, citing the case of Raymunda S. Digsan vs. Auditor General, et al.[15] alleged to have a similar factual environment and involving the same issues, where this Court declared that the interest at the legal rate in favor of the landowner accrued not from the taking of the property in 1924 but from April 20, 1961 when the claim for compensation was filed with the Auditor General. Whether the ruling in the case cited is still the prevailing doctrine, what was said in the decision of this Court in the above-cited case involving the same on the instant matter, has become the "law of the case," no motion for its reconsideration having been filed by the Solicitor General before the decision became final. Accordingly, the interest to be paid private respondent, Victoria Amigable, shall commence from 1924, when the taking of the property took place, computed on the basis of P14,615.79, the value of the land when taken in said year 1924.

2. On the amount of attorney's fees to be paid private respondent, about which the Solicitor General has next taken issue with the respondent court because the latter fixed the same at P19,486.97, while in her complaint, respondent Amigable had asked for only P5,000.00, the amount as awarded by the respondent court, would be too exorbitant, based as it is, on the inflated value of the land. An attorney's fees of P5,000.00, which is the amount asked for by private respondent herself in her complaint, would be reasonable.

WHEREFORE, the judgment appealed from is hereby reversed as to the basis in the determination of the price of the land taken as just compensation for its expropriation, which should be the value of the land at the time of the taking, in 1924. Accordingly, the same is hereby fixed at P14,615.79 at P2.37 per square meter, with interest thereon at 6% per annum, from the taking of the property in 1924, to be also paid by the Government to private respondent, Victoria Amigable, until the amount due is fully paid, plus attorney's fees of P5,000.00. No costs.

SO ORDERED.

Makasiar, Fernandez, Guerrero, and Melencio-Herrera, JJ., concur.
Teehankee, Acting C.J., concurs in a separate opinion.

-
- [1] Annex A to Petition, pp- 22-24, Rollo.
[2] Annex B to Petition, pp. 25-26, Rollo.
[3] Annex C to Petition, pp. 27-33, Rollo.
[4] Victoria Amigable vs. Cuenca, et al., 43 SCRA 360.
[5] Annex E to Petition, pp. 35-38, Rollo.
[6] Annex F to Petition, pp. 39-42, Rollo.
[7] Page 82, Rollo.
[8] Page 102, Rollo.
[9] Page 115, Rollo.
[10] Page 121, Rollo.

[11] 42 SCRA 556.

- [12] Republic vs. Philippine National Bank, 1 SCRA 957; J. M. Tuason vs. Land Tenure Administration, 31 SCRA 413.
[13] Republic vs. Philippine National Bank, supra; J. M. Tuason vs. Land Tenure Administration, supra.

[14] 43 SCRA 360.

- [15] G.R. No. L-21593, April 29, 1966, 16 SCRA 762.

SEPARATE OPINION

TEEHANKEE, Acting C.J.:

I concur in the result, with the observation that the statements in the main opinion re the applicability or non-applicability of Article 1250 of the Civil Code should be taken as obiter dicta, since said article may not be invoked nor applied without a proper declaration of extraordinary inflation or deflation of currency by the competent authorities. The Court has thus set aside respondent judge's raising of the amount of compensation for the land taken from P14,615.79 (at P2.37 per square meter) as properly determined to be its value at the time of its taking in 1924 to P49,459.34 purportedly because of the deflated value of the peso in relation to the dollar. The

ratio decidendi of the Court's judgment is that respondent is entitled to the value of the land at the time of its taking in 1924 with interest thereon at the legal rate of six (6%) percent per annum (which for a period of 56 years since 1924 to the present amount to a total of 336% interest on the principal due) and reasonable attorneys fees of P5,000.00 in consonance with the earlier decision of the Court in *Victoria Amigable vs. Cuenca*, 43 SCRA 360 (February 29, 1972) which is the law of the case. The judgment at bar is merely an implementation of the said earlier decision which remanded the case to the Court a quo for determination of the compensation to be paid by the government, including attorney's fees, with legal interest on the determined price or value of the land at the time of its taking in 1924 "from the time it was taken up to the time that payment is made by the government."

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.