LAND BANK OF THE PHILIPPINES, PETITIONER, VS. HON. ELI G. C. NATIVIDAD, PRESIDING JUDGE OF THE REGIONAL TRIAL COURT, BRANCH 48, SAN FERNANDO, PAMPANGA, AND JOSE R. CAGUIAT REPRE...

G.R. NO. 127198. May 16, 2005

Ponente: TINGA, J.

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TINGA, J.:

This is a Petition for Review[1] dated December 6, 1996 assailing the Decision[2] of the Regional Trial Court[3] dated July 5, 1996 which ordered the Department of Agrarian Reform (DAR) and petitioner Land Bank of the Philippines (Land Bank) to pay private respondents the amount of P30.00 per square meter as just compensation for the State's acquisition of private respondents' properties under the land reform program.

The facts follow.

On May 14, 1993, private respondents filed a petition before the trial court for the determination of just compensation for their agricultural lands situated in Arayat, Pampanga, which were acquired by the government pursuant to Presidential Decree No. 27 (PD 27). The petition named as respondents the DAR and Land Bank. With leave of court, the petition was amended to implead as co-respondents the registered tenants of the land.

After trial, the court rendered the assailed Decision the dispositive portion of which reads:

> WHEREFORE, judgment is hereby rendered in favor of petitioners and against respondents, ordering respondents, particularly, respondents Department of Agrarian Reform and the Land Bank of the Philippines, to pay these lands owned by petitioners and which are the subject of acquisition by the State under its land reform program, the amount of THIRTY PESOS (P30.00) per square meter, as the just compensation due for payment for same lands of petitioners located at San Vicente (or Camba), Arayat, Pampanga.
>
> Respondent Department of Agrarian Reform is also ordered to pay petitioners the amount of FIFTY THOUSAND PESOS (P50,000.00) as Attorney's Fee, and to pay the cost of suit.
>
> SO ORDERED.[4]

DAR and Land Bank filed separate motions for reconsideration which were denied by the trial court in its Order[5] dated July 30, 1996 for being pro forma as the same did not contain a notice of hearing. Thus, the prescriptive period for filing an appeal was not tolled. Land Bank consequently failed to file a timely appeal and the assailed Decision became final and executory.

Land Bank then filed a Petition for Relief from Order Dated 30 July 1996,[6] citing excusable negligence as its ground for relief. Attached to the petition for relief were two affidavits of merit claiming that the failure to include in the motion for reconsideration a notice of hearing was due to accident and/or mistake.[7] The affidavit of Land Bank's counsel of record notably states that "he simply scanned and signed the Motion for Reconsideration for

Agrarian Case No. 2005, Regional Trial Court of Pampanga, Branch 48, not knowing, or unmindful that it had no notice of hearing"[8] due to his heavy workload.

The trial court, in its Order[9] of November 18, 1996, denied the petition for relief because Land Bank lost a remedy in law due to its own negligence.

In the instant petition for review, Land Bank argues that the failure of its counsel to include a notice of hearing due to pressure of work constitutes excusable negligence and does not make the motion for reconsideration pro forma considering its allegedly meritorious defenses. Hence, the denial of its petition for relief from judgment was erroneous.

According to Land Bank, private respondents should have sought the reconsideration of the DAR's valuation of their properties. Private respondents thus failed to exhaust administrative remedies when they filed a petition for the determination of just compensation directly with the trial court. Land Bank also insists that the trial court erred in declaring that PD 27 and Executive Order No. 228 (EO 228) are mere guidelines in the determination of just compensation, and in relying on private respondents' evidence of the valuation of the properties at the time of possession in 1993 and not on Land Bank's evidence of the value thereof as of the time of acquisition in 1972.

Private respondents filed a Comment[10] dated February 22, 1997, averring that Land Bank's failure to include a notice of hearing in its motion for reconsideration due merely to counsel's heavy workload, which resulted in the motion being declared pro forma, does not constitute excusable negligence, especially in light of the admission of Land Bank's counsel that he has been a lawyer since 1973 and has "mastered the intricate art and technique of pleading."

Land Bank filed a Reply[11] dated March 12, 1997 insisting that equity considerations demand that it be heard on substantive issues raised in its motion for reconsideration.

The Court gave due course to the petition and required the parties to submit their respective memoranda.[12] Both parties complied.[13]

The petition is unmeritorious.

At issue is whether counsel's failure to include a notice of hearing constitutes excusable negligence entitling Land Bank to a relief from judgment.

Section 1, Rule 38 of the 1997 Rules of Civil Procedure provides:

> Sec. 1. Petition for relief from judgment, order, or other proceedings. —When a judgment or final order is entered, or any other proceeding is thereafter taken against a party in any court through fraud, accident, mistake, or excusable negligence, he may file a petition in such court and in the same case praying that the judgment, order or proceeding be set aside.

As can clearly be gleaned from the foregoing provision, the remedy of relief from judgment can only be resorted to on grounds of fraud, accident, mistake or excusable negligence. Negligence to be excusable must be one which ordinary diligence and prudence could not have guarded against.[14]

Measured against this standard, the reason profferred by Land Bank's counsel, i.e., that his heavy workload prevented him from ensuring that the motion for reconsideration included a notice of hearing, was by no means excusable.

Indeed, counsel's admission that "he simply scanned and signed the Motion for Reconsideration for Agrarian Case No. 2005, Regional Trial Court of Pampanga, Branch 48, not knowing, or unmindful that it had no notice of

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hearing" speaks volumes of his arrant negligence, and cannot in any manner be deemed to constitute excusable negligence.

The failure to attach a notice of hearing would have been less odious if committed by a greenhorn but not by a lawyer who claims to have "mastered the intricate art and technique of pleading."[15]

Indeed, a motion that does not contain the requisite notice of hearing is nothing but a mere scrap of paper. The clerk of court does not even have the duty to accept it, much less to bring it to the attention of the presiding judge.[16] The trial court therefore correctly considered the motion for reconsideration pro forma. Thus, it cannot be faulted for denying Land Bank's motion for reconsideration and petition for relief from judgment.

It should be emphasized at this point that procedural rules are designed to facilitate the adjudication of cases. Courts and litigants alike are enjoined to abide strictly by the rules. While in certain instances, we allow a relaxation in the application of the rules, we never intend to forge a weapon for erring litigants to violate the rules with impunity. The liberal interpretation and application of rules apply only in proper cases of demonstrable merit and under justifiable causes and circumstances. While it is true that litigation is not a game of technicalities, it is equally true that every case must be prosecuted in accordance with the prescribed procedure to ensure an orderly and speedy administration of justice. Party litigants and their counsel are well advised to abide by, rather than flaunt, procedural rules for these rules illumine the path of the law and rationalize the pursuit of justice.[17]

Aside from ruling on this procedural issue, the Court shall also resolve the other issues presented by Land Bank, specifically as regards private respondents' alleged failure to exhaust administrative remedies and the question of just compensation.

Land Bank avers that private respondents should have sought the reconsideration of the DAR's valuation instead of filing a petition to fix just compensation with the trial court.

The records reveal that Land Bank's contention is not entirely true. In fact, private respondents did write a letter[18] to the DAR Secretary objecting to the land valuation summary submitted by the Municipal Agrarian Reform Office and requesting a conference for the purpose of fixing just compensation. The letter, however, was left unanswered prompting private respondents to file a petition directly with the trial court.

At any rate, in Philippine Veterans Bank v. Court of Appeals,[19] we declared that there is nothing contradictory between the DAR's primary jurisdiction to determine and adjudicate agrarian reform matters and exclusive original jurisdiction over all matters involving the implementation of agrarian reform, which includes the determination of questions of just compensation, and the original and exclusive jurisdiction of regional trial courts over all petitions for the determination of just compensation. The first refers to administrative proceedings, while the second refers to judicial proceedings.

In accordance with settled principles of administrative law, primary jurisdiction is vested in the DAR to determine in a preliminary manner the just compensation for the lands taken under the agrarian reform program, but such determination is subject to challenge before the courts. The resolution of just compensation cases for the taking of lands under agrarian reform is, after all, essentially a judicial function.[20]

Thus, the trial did not err in taking cognizance of the case as the determination of just compensation is a function addressed to the courts of justice.

Land Bank's contention that the property was acquired for purposes of agrarian reform on October 21, 1972, the time of the effectivity of PD 27, ergo just compensation should be based on the value of the property as of that time and not at the time of possession in 1993, is likewise erroneous. In Office of the President, Malacañang,

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Manila v. Court of Appeals,[21] we ruled that the seizure of the landholding did not take place on the date of effectivity of PD 27 but would take effect on the payment of just compensation.

Under the factual circumstances of this case, the agrarian reform process is still incomplete as the just compensation to be paid private respondents has yet to be settled. Considering the passage of Republic Act No. 6657 (RA 6657)[22] before the completion of this process, the just compensation should be determined and the process concluded under the said law. Indeed, RA 6657 is the applicable law, with PD 27 and EO 228 having only suppletory effect, conformably with our ruling in Paris v. Alfeche.[23]

Section 17 of RA 6657 which is particularly relevant, providing as it does the guideposts for the determination of just compensation, reads as follows:

> Sec. 17. Determination of Just Compensation.—In determining just compensation, the cost of acquisition of the land, the current value of like properties, its nature, actual use and income, the sworn valuation by the owner, the tax declarations, and the assessment made by government assessors shall be considered. The social and economic benefits contributed by the farmers and the farm-workers and by the Government to the property as well as the non-payment of taxes or loans secured from any government financing institution on the said land shall be considered as additional factors to determine its valuation.

It would certainly be inequitable to determine just compensation based on the guideline provided by PD 27 and EO 228 considering the DAR's failure to determine the just compensation for a considerable length of time. That just compensation should be determined in accordance with RA 6657, and not PD 27 or EO 228, is especially imperative considering that just compensation should be the full and fair equivalent of the property taken from its owner by the expropriator, the equivalent being real, substantial, full and ample.[24]

In this case, the trial court arrived at the just compensation due private respondents for their property, taking into account its nature as irrigated land, location along the highway, market value, assessor's value and the volume and value of its produce. This Court is convinced that the trial court correctly determined the amount of just compensation due private respondents in accordance with, and guided by, RA 6657 and existing jurisprudence.

WHEREFORE, the petition is DENIED. Costs against petitioner.

SO ORDERED.

Puno, (Chairman), Austria-Martinez, Callejo, Sr., and Chico-Nazario, JJ., concur.

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[1] Rollo, pp. 3-24.

[2] Id. at 66-74.

[3] Regional Trial Court, San Fernando, Pampanga, Branch 48.

[4] Rollo, p. 74.

[5] Id. at 92-94.

[6] Id. at 99-102.

[7] Id. at 103-112, Affidavits of Solomon B. Garcia, Clerk III of petitioner LBP, and of Alfredo B. Pandico, Jr.

[8] Id. at 105, Affidavit of Alfredo B. Pandico, Jr.

[9] Id. at 118-119.

[10] Id. at 128-134.

[11] Id. at 139-146.

[12] Id. at 172-173.

[13] Id. at 178-192, 194-207.

[14] Gold Line Transit, Inc. v. Ramos, 415 Phil. 492 (2001).

[15] Supra note 8.

[16] Norris v. Parentela, Jr., 446 Phil. 462 (2003).

[17] Id. at 354.

[18] Rollo, pp. 38-39, Letter dated January 15, 1993 addressed to then DAR Secretary Ernesto Garilao.

[19] 379 Phil. 141, 147 (2000).

[20] Id. at 148. See also EPZA v. Dulay, No. L-59603, April 29, 1987, 149 SCRA 305.

[21] 413 Phil. 711 (2001).

[22] Comprehensive Agrarian Reform Law of 1988.

[23] 416 Phil. 473 (2001), citing Land Bank of the Philippines v. Court of Appeals, 321 SCRA 629.

[24] Association of Small Landowners in the Philippines, Inc. v. Secretary of Agrarian Reform, G.R. No. 78742, July 14, 1989, 175 SCRA 343.

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