

REPUBLIC OF THE PHILIPPINES, PLAINTIFF-APPELLEE, VS. SALEM INVESTMENT CORPORATION, MARIA DEL CARMEN ROXAS DE ELIZALDE, CONCEPCION CABARRUS VDA. DE SANTOS, DEFENDANTS – APPELLEES...

G.R. No. 137569. June 23, 2000

Ponente: MENDOZA, J.

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MENDOZA, J.:

The main petition in this case is for determination of just compensation for the expropriation of lands under B.P. Blg. 340. Alfredo Guerrero intervened in this proceeding arguing that, instead of the De la Ramas, he should receive the just compensation for the subject land. The trial court and the Court of Appeals declared him the rightful recipient of the amount. This is an appeal from the decision[1] of the Court of Appeals. We affirm.

The facts are as follows:

On February 17, 1983, Batas Pambansa Blg. 340 was passed authorizing the expropriation of parcels of lands in the names of defendants in this case, including a portion of the land, consisting of 1,380 square meters, belonging to Milagros and Inocentes De la Rama covered by TCT No. 16213.

On December 14, 1988, or five years thereafter, Milagros and Inocentes De la Rama entered into a contract[2] with intervenor Alfredo Guerrero whereby the De la Ramas agreed to sell to Guerrero the entire property covered by TCT No. 16213, consisting of 4,075 square meters for the amount of P11,800,000.00. The De la Ramas received the sum of P2,200,000.00 as partial payment of the purchase price, the balance thereof to be paid upon release of the title by the Philippine Veterans Bank.

On November 3, 1989, Guerrero filed in the Regional Trial Court in Pasay City a complaint for specific performance (Civil Case No. 6974-P) to compel the De la Ramas to proceed with the sale.

On July 10, 1990, while this case for specific performance was pending, the Republic of the Philippines filed the present case (Civil Case No. 7327) for expropriation pursuant to B.P. Blg. 340.[3] Among the defendants named in the complaint were Milagros and Inocentes De la Rama as registered owners of Lot 834, a portion of which (Lot 834-A) was part of the expropriated property. Upon the deposit of P12,970,350.00 representing 10 percent of the approximate market value of the subject lands, a writ of possession[4] was issued on August 29, 1990 in favor of the government.

On May 2, 1991, Guerrero filed a motion for intervention[5] alleging that the De la Ramas had agreed to sell to him the entire Lot 834 (TCT No. 16213) on December 14, 1988 and that a case for specific performance had been filed by him against the De la Ramas.

On September 9, 1991, based on the report of the committee on appraisers appointed by the court and the submissions of defendants, the trial court approved payment to the De la Ramas at the rate of P23,976.00 per

square meter for the taking of 920 square meters out of the 1,380 square meters to be expropriated under B.P. Blg. 340.[6]

Meanwhile, on September 18, 1991, the trial court rendered a decision in the case for specific performance (Civil Case No. 6974-P)[7] upholding the validity of the contract to sell and ordering the De la Ramas to execute the corresponding deed of sale covering the subject property in favor of Guerrero. The De la Ramas appealed to the Court of Appeals (CA-G.R. No. CV-35116) but their petition was dismissed on July 28, 1992. They tried to appeal to this Court (G.R. No. 106488) but again they failed in their bid as their petition for review was denied on December 7, 1992.

Meanwhile, on October 2, 1991, Guerrero filed an Omnibus Motion[8] praying that the just compensation for the land be deposited in court pursuant to Rule 67, §9 of the Rules of Court. As his motion for intervention and omnibus motion had not yet been resolved, Guerrero filed with the Court of Appeals a petition for mandamus, certiorari, and injunction with temporary restraining order[9] (C.A.-G.R. SP No. 28311) to enjoin the Republic from releasing or paying to the De la Ramas any amount corresponding to the payment of the expropriated property and to compel the trial court to resolve his two motions.

On January 12, 1993, the Court of Appeals rendered a decision granting the writ of mandamus.[10]

Nonetheless, the De la Ramas filed on March 17, 1993 a Motion for Authority to Withdraw[11] the deposit made by the Republic in 1991. This motion was denied as the trial court, on May 7, 1993, allowed the intervention of Guerrero and ordered the Republic to deposit the amount of just compensation with the Clerk of Court of RTC, Pasay City.[12]

On June 16, 1993, the De la Ramas filed a Motion for Execution[13] again praying that the court's order dated September 9, 1991, approving the recommendation of the appraisal committee, be enforced. This was duly opposed by Guerrero.[14]

On June 22, 1993, the trial court denied the motion of the De la Ramas holding that there had been a change in the situation of the parties, therefore, making the execution of the September 9, 1991 Order inequitable, impossible, or unjust.[15]

As if to further delay the proceedings of this case, the De la Ramas then filed an Omnibus Motion seeking clarification of the September 18, 1991 decision of the trial court in the case for specific performance, upholding the validity of the contract to sell, insofar as the area covered by the contract was concerned, and asking that a restraining order be issued until this motion was granted.

In its order dated October 7, 1993, the trial court clarified that the area of land covered by the contract to sell included the portion expropriated by the Republic. It stated:

WHEREFORE, by way of clarification, the court holds that the transfer of title to the plaintiff under the Contract to Sell dated December 14, 1988 covers the entire Lot 834 consisting of 4,075 square meters (including the expropriated portion); that this change of owner over the entire property is necessarily junior or subject to the superior rights of the REPUBLIC over the expropriated portion (the metes and bounds of which are clearly defined in Section 1 '6' of B.P. Blg. 340); that the Contract to Sell dated December 14, 1988 executed by the parties is a valid document that authorizes the plaintiff to step into the shoes of the defendants in relation to the property covered by TCT No. 16213; and that the transfer shall be free from all liens and encumbrances except for the expropriated portion of 1,380 square meters.[16]

The decision in the action for specific performance in Civil Case No. 6974-P having become final, an order of execution[17] was issued by the Pasay City RTC, and as a result of which, a deed of absolute sale[18] was

executed by the Branch Clerk of Court on March 8, 1994 in favor of Guerrero upon payment by him of the sum of P8,808,000.00 on January 11, 1994 and the further sum of P1,608,900.00 on February 1, 1994 as full payment for the balance of the purchase price under the contract to sell of December 14, 1988. The entire amount was withdrawn and duly received by the De la Ramas.[19]

Thereafter, the De la Ramas sought the nullification of the June 22, 1993 order of the trial court in this case, denying their motion for execution of the order approving the recommendation of the appraisal committee, by filing a petition for certiorari and mandamus in the Court of Appeals. This petition was, however, dismissed in a decision dated July 29, 1994 of the appellate court.[20]

On April 5, 1995, the Pasay City Regional Trial Court, Branch 111, declared Guerrero the rightful owner of the 920-square meter expropriated property and ordered payment to him of just compensation for the taking of the land. The dispositive portion of its decision reads:

WHEREFORE, respondent-intervenor Alfredo Guerrero is hereby declared as the rightful person entitled to receive the just compensation of the 920-square meter portion of the property described in TCT No. 16213 of the Register of Deeds of Pasay City and ordering the Philippine National Bank to release and deliver to Uniland Realty and Development Corporation, the assignee of Guerrero, the amount of P20,000,000.00 representing the deposit made by the plaintiff through the Department of Public Works and Highways in the Philippine National Bank, Escolta Branch with the check solely payable to said Uniland Realty and Development Corporation, as assignee of Alfredo Guerrero.[21]

This decision was subsequently affirmed by the Court of Appeals.[22] Hence, this petition.

The De la Ramas contend:

I. THE COURT OF APPEALS WRONGLY INTERPRETED B.P. NO. 340 BY HOLDING THAT BATAS PAMBANSA BLG. 340 MERELY AUTHORIZED THE EXPROPRIATION OF THE LANDS OF THE DEFENDANTS, INCLUDING THAT PORTION BELONGING TO THE HEREIN PETITIONERS DE LA RAMAS COVERED BY TCT NO. 16213.

II. THE COURT OF APPEALS WRONGLY INTERPRETED THE CONTRACT TO SELL BY HOLDING THAT THE PETITIONERS DE LA RAMAS HAD CONVEYED TO THE RESPONDENT GUERRERO THE WHOLE PROPERTY COVERED BY TCT NO. 16213, INCLUDING THE EXPROPRIATED AREA.

III. THE HONORABLE COURT OF APPEALS WRONGLY DECLARED THAT THE PETITIONERS DE LA RAMAS COULD STILL SELL IN 1988 THEIR PROPERTY AS TITLE THERETO HAD NOT YET PASSED TO THE GOVERNMENT IN 1983.

IV. THE COURT OF APPEALS GRAVELY ERRED IN WRONGLY INTERPRETING THE CONTRACT TO SELL, BY HOLDING THAT PETITIONERS DE LA RAMAS HAD CONVEYED TO THE RESPONDENT GUERRERO THE RIGHT TO RECEIVE THE JUST COMPENSATION FOR THE EXPROPRIATED AREA.

V. THE COURT OF APPEALS GRAVELY ERRED IN HOLDING THAT THE RIGHT TO RECEIVE THE JUST COMPENSATION FOR THE EXPROPRIATED AREA BECAME VESTED UPON THE RESPONDENT GUERRERO THROUGH SUBROGATION.

VI. THE COURT OF APPEALS GRAVELY ERRED IN HOLDING THAT THE RESPONDENT GUERRERO HAD PAID TO PETITIONERS RAMAS THE FULL PURCHASE PRICE OF P11,800,00.00 STIPULATED IN THE CONTRACT TO SELL OF 14 DECEMBER 1988.[23]

As already stated, the De la Ramas and Guerrero entered into a contract to sell with respect to Lot 834. This lot

has an area of 4,075 square meters. This contract was executed on December 14, 1988, after B.P. Blg. 340 was passed authorizing the expropriation of a portion of the land, consisting of 1,380 square meters, of the De la Ramas. The only issue in this case is who, between the De la Ramas and Guerrero, is/are entitled to receive payment of just compensation for the taking of 920 square meters of the land in question?

The De la Ramas claim that they should receive the amount of just compensation because when they agreed to sell Lot 834 in 1988 to Guerrero, it did not include the portion expropriated by the Republic since, at that time, such portion had been expropriated by the government by virtue of B.P. Blg. 340, which took effect on February 17, 1983. They state:

In 1988, the petitioners Ramas could no longer agree to sell to another person the expropriated property itself. For one thing, the property was already expropriated and petitioners Ramas for not objecting in effect conveyed the same to the Government. Secondly, the physical and juridical possession of the property was already in the Government. Thirdly, the equitable and beneficial title over the property was already vested in the Government, and therefore the property itself was already outside the commerce of man. As a matter of fact, the property was already part of a Government infrastructure.[24]

On the other hand, Alfredo Guerrero argues that the title to the expropriated portion of Lot 834 did not immediately pass to the government upon the enactment of B.P. Blg. 340 in 1983, as payment of just compensation was yet to be made before ownership of the land was transferred to the government. As a result, petitioners still owned the entire Lot 834 at the time they agreed to sell it to Guerrero. Therefore, since Guerrero obtained ownership of Lot 834, including the 920 square meters expropriated by the government, he has the right to receive the just compensation over the said property.

We find the De la Ramas' contention without merit. We hold that Guerrero is entitled to receive payment of just compensation for the taking of the land.

The power of eminent domain

The power of eminent domain is an inherent power of the State. No constitutional conferment is necessary to vest it in the State. The constitutional provision on eminent domain, Art. III, §9, provides a limitation rather than a basis for the exercise of such power by the government. Thus, it states that "Private property shall not be taken for public use without just compensation."

Expropriation may be initiated by court action or by legislation.[25] In both instances, just compensation is determined by the courts.[26]

The expropriation of lands consists of two stages. As explained in *Municipality of Biñan v. Garcia*:[27]

The first is concerned with the determination of the authority of the plaintiff to exercise the power of eminent domain and the propriety of its exercise in the context of the facts involved in the suit. It ends with an order, if not of dismissal of the action, "of condemnation declaring that the plaintiff has a lawful right to take the property sought to be condemned, for the public use or purpose described in the complaint, upon the payment of just compensation to be determined as of the date of the filing of the complaint". . . .

The second phase of the eminent domain action is concerned with the determination by the court of "the just compensation for the property sought to be taken." This is done by the court with the assistance of not more than three (3) commissioners. . . .

It is only upon the completion of these two stages that expropriation is said to have been completed. Moreover, it is only upon payment of just compensation that title over the property passes to the government.[28] Therefore, until the action for expropriation has been completed and terminated, ownership over the property being

expropriated remains with the registered owner. Consequently, the latter can exercise all rights pertaining to an owner, including the right to dispose of his property, subject to the power of the State ultimately to acquire it through expropriation.

In the case at hand, the first stage of expropriation was completed when B.P. Blg. 340 was enacted providing for the expropriation of 1,380 square meters of the land in question. The constitutionality of this law was upheld in the case of *Republic v. De Knecht*.^[29] In 1990, the government commenced the second stage of expropriation through the filing of a petition for the determination of just compensation. This stage was not completed, however, because of the intervention of Guerrero which gave rise to the question of ownership of the subject land. Therefore, the title to the expropriated property of the De la Ramas remained with them and did not at that point pass to the government.

The De la Ramas are mistaken in arguing that the two stages of expropriation cited above only apply to judicial, and not to legislative, expropriation. Although Congress has the power to determine what land to take, it can not do so arbitrarily. Judicial determination of the propriety of the exercise of the power, for instance, in view of allegations of partiality and prejudice by those adversely affected,^[30] and the just compensation for the subject property is provided in our constitutional system.

We see no point in distinguishing between judicial and legislative expropriation as far as the two stages mentioned above are concerned. Both involve these stages and in both the process is not completed until payment of just compensation is made. The Court of Appeals was correct in saying that B.P. Blg. 340 did not effectively expropriate the land of the De la Ramas. As a matter of fact, it merely commenced the expropriation of the subject property.

Thus, in 1988, the De la Ramas still had authority to transfer ownership of their land and convey all rights, including the right to receive just compensation, to Guerrero.

The Contract to Sell and the Deed of Absolute Sale

The contract to sell between the De la Ramas and Guerrero, executed on December 14, 1988, reads:

CONTRACT TO SELL

KNOW ALL MEN BY THESE PRESENTS:

This CONTRACT is made and executed by and between:

MILAGROS DE LA RAMA and INOCENTES DE LA RAMA, of legal age, both single, Filipinos Citizen and with residence and postal address at 2838 F.B. Harrison St., Pasay City, Metro Manila, hereinafter referred to as the SELLERS.

- and -

ALFREDO S. GUERRERO, of legal age, Filipino, married to SUSANA C. PASCUAL and with residence and postal address at No. 17 Mangyan, La Vista, Quezon City, hereinafter referred to as the BUYER.

WITNESSETH:

WHEREAS, the SELLERS are the registered owners of a parcel of land consisting of 4,075 square meters together with all the improvements thereon situated at 2838 F.B. Harrison St., Pasay City, covered by Transfer Certificate of Title No. 16213 of the Registry of Deeds of Pasay City and more particularly described as follows:

A PARCEL OF LAND (Lot 834 of the Cadastral Survey of Pasay, L.R.C. Cad. Rec. No.), situated in the City of Pasay. Bounded on the N., along line 1-2 by Lot 835; and along line 2-3 by Lot 836, on the NE., and SE., along lines 3-4-5 by Lot 833, all of Pasay Cadastre; and on the SW., along lines 5-6-1 by Calle F.B. Harrison.

Beginning at a point marked "1" on plan, being N. 3 deg. 50'E., 100.44 m. from B.L.L.M. 5, Pasay Cadastre; thence N. 84 deg. 19'E., 73.79 m. to point 2; thence N. 84 deg. 19'E., 14.47 m. to point 3; thence S. 93 deg. 11'E., 45.69 m. to point 4; thence S. 33 deg. 10'W., 87.39 m. to point 5; thence N. 10 deg. 46'W., 11.82 m. to point 6; thence N. 10 deg. 46'W., 35.70 m. to point of beginning; containing an area of FOUR THOUSAND AND SEVENTY FIVE (4,075) SQUARE METERS. All points referred to are indicated on the plan and marked on the ground by Old Points; bearing true date of the cadastral survey, Oct., 1928 to Nov., 1930.

WHEREAS, the SELLERS offer to sell and the BUYER agrees to buy the above-described real property;

NOW, THEREFORE, for and in consideration of the amount of ELEVEN MILLION EIGHT HUNDRED THOUSAND PESOS (P11,800,000.00) the parties hereby agree to enter unto the Contract subject to such terms and conditions as follows:

1. Upon execution of this Contract, the BUYER shall pay the SELLERS the sum of TWO MILLION TWO HUNDRED THOUSAND PESOS (P2,200,000.00) it being understood and agreed that this payment shall be for the purpose of liquidating in full the mortgage indebtedness and affecting the redemption of the property subject of the sale as annotated at the back of the title;
2. The balance of EIGHT MILLION EIGHT HUNDRED THOUSAND PESOS (P8,800,000.00) shall be paid by the BUYER upon release of the title by Phil. Veterans Bank and execution of the Deed of Absolute Sale;
3. The amount of P800,000.00 shall be paid by the BUYER upon payment of Capital Gains Tax and documentary sales stamp by the SELLERS and their vacation of the premises.
4. All existing improvements shall be assigned to the BUYER;
5. The SELLERS shall settle all realty taxes up to the end of 1988, water and electric bills;
6. The SELLERS shall pay three percent (3%) of the total consideration as broker's commission to be computed in the purchase price of P11,000,000.00;
7. It is hereby agreed and covenanted and stipulated by and between the parties hereto that the SELLERS shall execute and deliver to the BUYER a formal Absolute Deed of Sale free from all liens and encumbrances;
8. That the SELLERS shall vacate the premises and or deliver the physical possession of the property within thirty (30) days from the date of sale, that is upon complete payment by the BUYER of the agreed purchase price and execution of Deed of Sale;
9. That the execution of all legal documents in connection with this sale transaction shall be done thru SELLERS legal counsel;
10. The BUYER shall assume payment of transfer and registration expenses.

IN WITNESS WHEREOF, the parties have hereunto set their hands this 14th day of December 1988 at Manila, Metro Manila.[31]

The land, as described above in the Contract to Sell, includes the land expropriated under B.P. Blg. 340, to wit:

6. A parcel of land (a portion of Lot No. 834 of the Cadastral Survey of Pasay, Cadastral Case No. 23, G.L.R.O. Cadastral Record No. 1368), situated in the City of Pasay, bounded on the southeast, along lines 1-2-3 by Lot No. 833, Pasay Cadastre; and on the southwest, along lines 3-4-5 by Calle F.B. Harrison; and on the north, points 5-17-17-1 by the remaining portion of Lot 834; beginning at point marked "1" on plan, being S. 32 deg. 17' 44"E., 267.187 meters from BLLM No. 5, Pasay Cadastre; thence S.9 deg. 11'E., 11.579 m. to point "2"; thence S.82 deg. 10'W., 87.390 m. to point "3"; thence N. 10 deg. 45' 58"W., 11.82 m. to point "4";

thence N. 10 deg. 46 W., 15,568.4 m. to point "5"; thence S. 15 deg. 37' 27"E., 3.287 m. to point "6"; thence S. 34 deg. 32' 27"E., 3.287 m. to point "7"; thence S. 53 deg. 26' 50"E., 3.287 m. to point "8"; thence S. 72 deg. 22' 51"E., 3.287 m. to point "9"; thence N. 88 deg. 40' 32"E., 3.287 m. to point "10"; thence N. 72 deg. 00' 53"E., 6.480 m. to point "11"; thence N. 84 deg. 55' 05"E., 10.375 m. to point "12"; thence N. 85 deg. 38' 14"E., 10.375 m. to point "13"; thence N. 86 deg. 21' 10"E., 10.375 m. to point "14"; thence N. 87 deg. 04' 18"E., 10.375 m. to point "15"; thence N. 87 deg. 97' 06"E., 10.375 m. to point "16"; thence N. 88 deg. 30' 11"E., 10.375 m. to point "17"; thence N. 89 deg. 12' 56"E., 9.422 m. to the point of beginning, containing an area of one thousand three hundred eighty square meters (1,380.00 Sq.M.), more or less.[32]

As the trial court in the case for specific performance ruled, the contract to sell covered the entire Lot 834, including the expropriated area, which was then owned by the De la Ramas.

It is true that the contract to sell did not convey to Guerrero the subject parcel of land described therein. However, it created an obligation on the part of the De la Ramas to convey the land, subject to the fulfillment of the suspensive conditions therein stated. The declaration of this contract's validity, which paved the way for the subsequent execution of the Deed of Absolute Sale on March 8, 1994, following the order of the Regional Trial Court for its execution, by the Clerk of Court, Branch 113, Pasay City, effectively conveyed ownership of said parcel of land to Guerrero.

The contention that the Deed of Absolute Sale excluded the portion expropriated by the government is untenable. The Deed of Absolute Sale reads in pertinent parts:

That for and in consideration of the sum of ELEVEN MILLION PESOS (P11,000,000), Philippine Currency, paid by the VENDEE, the VENDORS, by these presents hereby SELL, TRANSFER, CONVEY and ASSIGN, unto the herein VENDEE, his heirs, successors-in-interest and assigns, by way of absolute sale, a parcel of land located in 2838 F.B. Harrison Street, Pasay City, formerly covered by Transfer Certificate of Title No. 16213 of the land records of Pasay City, presently covered by the new Transfer Certificate of Title No. 132995, together with all improvements thereon, free from all liens and encumbrances whatsoever except over a portion equal to one thousand three hundred eighty (1,380) square meters expropriated by the Republic of the Philippines under and by virtue of Batas Pambansa Blg. 340 which took effect on February 17, 1983, the technical description of which is found therein, and which Lot 834 in its entirety is more particularly described as follows:

A PARCEL OF LAND (Lot 834 of the Cadastral Survey of Pasay, L.R.C. Cad. Rec No.), situated in the City of Pasay. Bounded on the N. along line 1-2 by Lot 835, and along line 2-3 by Lot 836; on the NE., and SE., along lines 3-4-5 by Lot 833; all of Pasay Cadastre; and on the SW., along lines 5-6-1 by Calle F.B. Harrison. Beginning at a point marked "1" on plan, being N. 3 deg. 50'E., 100.44 from B.I.I.M. 5; Pasay Cadastre; thence N. 84 deg. 19'E., 73.79 m. to point 2; thence N. 84 deg. 19'E., 14.47 m. to point 3; thence S. 9 deg. 11'E., 45.69 m. to point 4; thence S. 53 deg. 10'W., 87.39 m. to point 5; thence N. 10 deg. 46'W., 11.82 m. to point 6; thence N. 10 deg. 46'W., 35.70 m. to point of beginning; containing an area of FOUR THOUSAND AND SEVENTY FIVE (4,075) SQUARE METERS. All points referred to are indicated on the plan and are marked on the ground by Old Points; bearing true date of the Cadastral Survey, Oct. 1928 to Nov. 1, 1930.[33]

The underscored phrase does not say that the expropriated portion of the lot was excluded from the sale. Rather, it states that the entire property, consisting of 4,075 square meters, was being sold free from all liens and encumbrances except the lien in favor of the government over the portion being expropriated by it. Stated in another way, Guerrero was buying the entire property free from all claims of third persons except those of the government.

Evidently, Lot 834 was conveyed in 1994 to Guerrero by virtue of the Deed of Absolute Sale. This contract was registered in the Register of Deeds and, accordingly, a new transfer certificate of title was issued to Guerrero.[34] Pursuant thereto, and by virtue of subrogation, the latter became the rightful owner entitled to receive the just

compensation from the Republic.

The De la Ramas make much of the fact that ownership of the land was transferred to the government because the equitable and the beneficial title was already acquired by it in 1983, leaving them with only the naked title. However, as this Court held in *Association of Small Landowners in the Phil., Inc. v. Secretary of Agrarian Reform*:^[35]

The recognized rule, indeed, is that title to the property expropriated shall pass from the owner to the expropriator only upon full payment of the just compensation. Jurisprudence on this settled principle is consistent both here and in other democratic jurisdictions. Thus:

. . . although the right to expropriate and use land taken for a canal is complete at the time of entry, title to the property taken remains in the owner until payment is actually made. (Emphasis supplied).

In *Kennedy v. Indianapolis*, the US Supreme Court cited several cases holding that title to property does not pass to the condemnor until just compensation had actually been made. In fact, the decisions appear to be uniformly to this effect. As early as 1838, in *Rubottom v. McLure*, it was held that "actual payment to the owner of the condemned property was a condition precedent to the investment of the title to the property in the State" albeit "not to the appropriation of it to public use." In *Rexford v. Knight*, the Court of Appeals of New York said that the construction upon the statutes was that the fee did not vest in the State until the payment of the compensation although the authority to enter upon and appropriate the land was complete prior to the payment. Kennedy further said that "both on principle and authority the rule is . . . that the right to enter on and use the property is complete, as soon as the property is actually appropriated under the authority of law for a public use, but that the title does not pass from the owner without his consent, until just compensation has been made to him."

The amount paid by Guerrero

Lastly, the De la Ramas contend that Guerrero only paid P7,417,000.00 and not P8,800,000.00 as stipulated in the contract to sell. However, Guerrero explained in his comment in this case:

In making such misleading allegations, petitioners withheld the information that on January 25, 1994, Branch 114 of the Pasay City Regional Trial Court had issued an order which explained very clearly why the sum of P7,417,000.00 deposited by Guerrero constitute full payment of the agreed price, viz:

Plaintiff's motion is meritorious. The decision dated September 18, 1991 rendered in this case has long become final and executory. Paragraph 4 of the dispositive portion of said decision reads as follows:

4. Ordering defendants Milagros dela Rama and Inocentes dela Rama to execute the corresponding deed of sale conveying the subject property, free from all liens and encumbrances in favor of the plaintiff upon payment of the latter of his balance of P8,800,000.00:

. . . .

6. Ordering both defendants, jointly and severally, to pay the plaintiff the following:

- a. the sum of P500,000.00 by way of moral damages;
- b. the sum of P200,000.00 by way of exemplary damages;
- c. the sum of P100,000.00 by way of attorney's fees;
- d. legal interest of the amount of P2,200,000.00 from August 2, 1989 until the deed of absolute sale is executed in favor of the plaintiff;

The plaintiff [Alfredo Guerrero] is therefore entitled to collect from the defendants [Milagros and Inocentes de la

Rama] the sum of P800,000.00 in damages and attorney's fees, and interest at the legal rate. The earlier computation of the court's Branch Sheriff Edilberto Santiago is wrong. The legal rate of interest for damages, and even for loans where interest was not stipulated, is 6% per annum (Art. 2209, Civil Code). The rate of 12% per annum was established by the Monetary Board when, under the power vested in it by P.D. 116 to amend Act No. 2655 (more commonly known as the Anti Usury Law), it amended Section 1 by increasing the rate of legal interest for loans, renewals and forbearance thereof, as well as for judgments, from 6% per annum to 12% per annum. Inasmuch as the Monetary Board may not repeal or amend the Civil Code, in the face of the apparent conflict between Art. 2209 and Act No. 2655 as amended, it is this court's persuasion that the ruling of the Monetary Board applies only to banks, financing companies, pawnshops and intermediaries performing quasi-banking functions, all of which are under the control and supervision of the Central Bank and of the Monetary Board.

The interest rate on the P2,200,000.00 paid to the defendants by the plaintiff at the inception of the transactions should be only 6% per annum from August 2, 1989, and as of January 2, 1994 this amounts to the sum of P583,000.00 and P11,000.00 every month thereafter until the deed of absolute sale over the property subject matter of this case is executed. The amounts payable by the defendants to the plaintiff therefore stands at a total of P1,383,000.00. Offsetting this amount from the balance of P8,800,000.00, the plaintiff must still pay to the defendants the sum of P7,417,000.00. The plaintiff has already deposited with the Clerk of Court of this court the sum of P5,808,100.00 as of January 11, 1994; he should add to this the sum of P1,608,900.00.[36]

The De la Ramas question this ruling of the lower court. They say:

That Petitioners do not agree with the explanation of the lower Court, which held that the Petitioners are liable to pay legal interest on the initial payment of P2,200,000 that petitioners received under the Contract To Sell as part of the purchase price. Why should Petitioners pay legal interest on a sum of money that was payable to them and which they received as initial payment of the purchase price? This ruling is absurd and preposterous. It is a legal monstrosity.[37]

Petitioners can no longer question a judgment which has already become final and executory. The order of the Regional Trial Court on the payment of legal interest was issued on September 18, 1991 in the case for specific performance against the De la Ramas (Civil Case No. 6974-P). Hence, they are already barred from questioning it now in this proceeding.

Finally, we take note of the fact that the De la Ramas have withdrawn and appropriated for themselves the amount paid by Guerrero. This amount represented the purchase price of the entire 4,075 square meters of land, including the expropriated portion, which was the subject of their agreement. The payment, therefore, to them of the value of the expropriated portion would unjustly enrich them.

WHEREFORE, the decision of the Court of Appeals is AFFIRMED.

SO ORDERED.

Bellosillo, (Chairman), Quisumbing, Buena, and De Leon, Jr., JJ., concur.

[1] Per Justice Emeterio C. Cui, concurred in by Justices Ramon A. Barcelona and Demetrio G. Demetria.

[2] Rollo, pp. 80-82.

[3] Id., at 83-104.

- [4] RTC Records, p. 612.
- [5] Rollo, pp. 164-166.
- [6] RTC Records, p. 15.
- [7] Rollo, p. 105.
- [8] RTC Records, p. 759.
- [9] Rollo, p. 195.
- [10] Id., at 195-204.
- [11] RTC Records, p. 1287.
- [12] Id., at 1296-1297.
- [13] Id., at 1448-1451.
- [14] Id., at 1460-1463.
- [15] Id., at 1480-1482.
- [16] Rollo, pp. 188-189.
- [17] Id., at 121-123.
- [18] Id., at 124.
- [19] RTC Records, p. 1928.
- [20] Rollo, pp. 206-212.
- [21] Id., p. 51.
- [22] Id., pp. 43-47.
- [23] Id., pp. 22-39.
- [24] Id., at 28-29.
- [25] Republic v. De Knecht, 182 SCRA 142 (1990)
- [26] Export Processing Zone Authority v. Dulay, 149 SCRA 305 (1987)
- [27] 180 SCRA 576, 583-584 (1989), reiterated in National Power Corp. v. Jocson, 206 SCRA 520 (1992)
- [28] Association of Small Landowners in the Philippines, Inc. v. Secretary of Agrarian Reform, 175 SCRA 343 (1989)
- [29] 182 SCRA 142 (1990)**
- [30] See J.M. Tuazon & Co., Inc. v. Land Tenure Admin., 31 SCRA 413 (1970)
- [31] Rollo, pp. 80-82.
- [32] Id., p. 78.
- [33] Id., pp. 124-125. (Emphasis added.)

[34] *Id.*, p. 265.

[35] 175 SCRA 343, 389 (1989)

[36] *Rollo*, pp. 159-160.

[37] *Id.*, p. 240.

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