

THE CITY OF CEBU, PETITIONER, VS. SPOUSES APOLONIO AND BLASA DEDAMO, RESPONDENTS.*G.R. No. 142971. May 07, 2002*

Ponente: DAVIDE JR., C.J.

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In its petition for review on certiorari under Rule 45 of the 1997 Rules of Civil Procedure, petitioner City of Cebu assails the decision of 11 October 1999 of the Court of Appeals in CA-G.R. CV No. 59204[1] affirming the judgment of 7 May 1996 of the Regional Trial Court, Branch 13, Cebu City, in Civil Case No. CEB-14632, a case for eminent domain, which fixed the valuation of the land subject thereof on the basis of the recommendation of the commissioners appointed by it.

The material operative facts are not disputed.

On 17 September 1993, petitioner City of Cebu filed in Civil Case No. CEB-14632 a complaint for eminent domain against respondents spouses Apolonio and Blasa Dedamo. The petitioner alleged therein that it needed the following parcels of land of respondents, to wit:

Lot No. 1527

Area-----1,146 square meters

Tax Declaration-----03472

Title No.-----31833

Market value-----P240,660.00

Assessed Value-----P72,200.00

Lot No. 1528

Area-----793 square meters

Area sought to be-----478 square meters expropriated

Tax Declaration-----03450

Title No. -----31832

Market value for the whole lot-----P1,666,530.00

Market value of the Area to be expropriated-----P100,380.00

Assessed Value-----P49,960.00

for a public purpose, i.e., for the construction of a public road which shall serve as an access/relief road of Gorordo Avenue to extend to the General Maxilum Avenue and the back of Magellan International Hotel Roads in Cebu City. The lots are the most suitable site for the purpose. The total area sought to be expropriated is 1,624 square meters with an assessed value of P1,786,400. Petitioner deposited with the Philippine National Bank the amount of P51,156 representing 15% of the fair market value of the property to enable the petitioner to take immediate possession of the property pursuant to Section 19 of R.A. No. 7160.[2]

Respondents, filed a motion to dismiss the complaint because the purpose for which their property was to be expropriated was not for a public purpose but for benefit of a single private entity, the Cebu Holdings, Inc. Petitioner could simply buy directly from them the property at its fair market value if it wanted to, just like what it did with the neighboring lots. Besides, the price offered was very low in light of the consideration of P20,000 per square meter, more or less, which petitioner paid to the neighboring lots. Finally, respondents alleged that they have no other land in Cebu City.

A pre-trial was thereafter had.

On 23 August 1994, petitioner filed a motion for the issuance of a writ of possession pursuant to Section 19 of R.A. No. 7160. The motion was granted by the trial court on 21 September 1994.[3]

On 14 December 1994, the parties executed and submitted to the trial court an Agreement[4] wherein they declared that they have partially settled the case and in consideration thereof they agreed:

- That the SECOND PARTY hereby conforms to the intention to [sic] the FIRST PARTY in expropriating their parcels of land in the above-cited case as for public purpose and for the benefit of the general public;
- That the SECOND PARTY agrees to part with the ownership of the subject parcels of land in favor of the FIRST PARTY provided the latter will pay just compensation for the same in the amount determined by the court after due notice and hearing;
- That in the meantime the SECOND PARTY agrees to receive the amount of ONE MILLION SEVEN HUNDRED EIGHTY SIX THOUSAND FOUR HUNDRED PESOS (1,786,400.00) as provisional payment for the subject parcels of land, without prejudice to the final valuation as maybe determined by the court;
- That the FIRST PARTY in the light of the issuance of the Writ of Possession Order dated September 21, 1994 issued by the Honorable Court, agreed to take possession over that portion of the lot sought to be expropriated where the house of the SECOND PARTY was located only after fifteen (15) days upon the receipt of the SECOND PARTY of the amount of P1,786,400.00;
- That the SECOND PARTY upon receipt of the aforesaid provisional amount, shall turn over to the FIRST PARTY the title of the lot and within the lapse of the fifteen (15) days grace period will voluntarily demolish their house and the other structure that may be located thereon at their own expense;
- That the FIRST PARTY and the SECOND PARTY jointly petition the Honorable Court to render judgment in said Civil Case No. CEB-14632 in accordance with this AGREEMENT;
- That the judgment sought to be rendered under this agreement shall be followed by a supplemental judgment fixing the just compensation for the property of the SECOND PARTY after the Commissioners appointed by this Honorable Court to determine the same shall have rendered their report and approved by the court.

Pursuant to said agreement, the trial court appointed three commissioners to determine the just compensation of the lots sought to be expropriated. The commissioners were Palermo M. Lugo, who was nominated by petitioner and who was designated as Chairman; Alfredo Cisneros, who was nominated by respondents; and Herbert E. Buot, who was designated by the trial court. The parties agreed to their appointment.

Thereafter, the commissioners submitted their report, which contained their respective assessments of and recommendation as to the valuation of the property.

On the basis of the commissioners' report and after due deliberation thereon, the trial court rendered its decision on 7 May 1996,[5] the decretal portion of which reads:

WHEREFORE, in view of the foregoing, judgment is hereby rendered in accordance with the report of the

commissioners.

Plaintiff is directed to pay Spouses Apolonio S. Dedamo and Blasa Dedamo the sum of pesos: TWENTY FOUR MILLION EIGHT HUNDRED SIXTY-FIVE THOUSAND AND NINE HUNDRED THIRTY (P24,865,930.00) representing the compensation mentioned in the Complaint.

Plaintiff and defendants are directed to pay the following commissioner's fee;

1. To Palermo Lugo - P21,000.00
2. To Herbert Buot - P19,000.00
3. To Alfredo Cisneros - P19,000.00

Without pronouncement as to cost.

SO ORDERED.

Petitioner filed a motion for reconsideration on the ground that the commissioners' report was inaccurate since it included an area which was not subject to expropriation. More specifically, it contended that Lot No. 1528 contains 793 square meters but the actual area to be expropriated is only 478 square meters. The remaining 315 square meters is the subject of a separate expropriation proceeding in Civil Case No. CEB-8348, then pending before Branch 9 of the Regional Trial Court of Cebu City.

On 16 August 1996, the commissioners submitted an amended assessment for the 478 square meters of Lot No. 1528 and fixed it at P12,824.10 per square meter, or in the amount of P20,826,339.50. The assessment was approved as the just compensation thereof by the trial court in its Order of 27 December 1996.[6] Accordingly, the dispositive portion of the decision was amended to reflect the new valuation.

Petitioner elevated the case to the Court of Appeals, which docketed the case as CA-G.R. CV No. 59204. Petitioner alleged that the lower court erred in fixing the amount of just compensation at P20,826,339.50. The just compensation should be based on the prevailing market price of the property at the commencement of the expropriation proceedings.

The petitioner did not convince the Court of Appeals. In its decision of 11 October 1999,[7] the Court of Appeals affirmed in toto the decision of the trial court.

Still unsatisfied, petitioner filed with us the petition for review in the case at bar. It raises the sole issue of whether just compensation should be determined as of the date of the filing of the complaint. It asserts that it should be, which in this case should be 17 September 1993 and not at the time the property was actually taken in 1994, pursuant to the decision in "National Power Corporation vs. Court of Appeals." [8]

In their Comment, respondents maintain that the Court of Appeals did not err in affirming the decision of the trial court because (1) the trial court decided the case on the basis of the agreement of the parties that just compensation shall be fixed by commissioners appointed by the court; (2) petitioner did not interpose any serious objection to the commissioners' report of 12 August 1996 fixing the just compensation of the 1,624-square meter lot at P20,826,339.50; hence, it was estopped from attacking the report on which the decision was based; and (3) the determined just compensation fixed is even lower than the actual value of the property at the time of the actual taking in 1994.

Eminent domain is a fundamental State power that is inseparable from sovereignty. It is the Government's right to appropriate, in the nature of a compulsory sale to the State, private property for public use or purpose.[9] However, the Government must pay the owner thereof just compensation as consideration therefor.

In the case at bar, the applicable law as to the point of reckoning for the determination of just compensation is

Section 19 of R.A. No. 7160, which expressly provides that just compensation shall be determined as of the time of actual taking. The Section reads as follows:

SECTION 19. Eminent Domain. -- A local government unit may, through its chief executive and acting pursuant to an ordinance, exercise the power of eminent domain for public use, or purpose or welfare for the benefit of the poor and the landless, upon payment of just compensation, pursuant to the provisions of the Constitution and pertinent laws: Provided, however, That the power of eminent domain may not be exercised unless a valid and definite offer has been previously made to the owner, and such offer was not accepted: Provided, further, That the local government unit may immediately take possession of the property upon the filing of the expropriation proceedings and upon making a deposit with the proper court of at least fifteen percent (15%) of the fair market value of the property based on the current tax declaration of the property to be expropriated: Provided finally, That, the amount to be paid for the expropriated property shall be determined by the proper court, based on the fair market value at the time of the taking of the property.

The petitioner has misread our ruling in *The National Power Corp. vs. Court of Appeals*.^[10] We did not categorically rule in that case that just compensation should be determined as of the filing of the complaint. We explicitly stated therein that although the general rule in determining just compensation in eminent domain is the value of the property as of the date of the filing of the complaint, the rule “admits of an exception: where this Court fixed the value of the property as of the date it was taken and not at the date of the commencement of the expropriation proceedings.”

Also, the trial court followed the then governing procedural law on the matter, which was Section 5 of Rule 67 of the Rules of Court, which provided as follows:

SEC. 5. Ascertainment of compensation. -- Upon the entry of the order of condemnation, the court shall appoint not more than three (3) competent and disinterested persons as commissioners to ascertain and report to the court the just compensation for the property sought to be taken. The order of appointment shall designate the time and place of the first session of the hearing to be held by the commissioners and specify the time within which their report is to be filed with the court.

More than anything else, the parties, by a solemn document freely and voluntarily agreed upon by them, agreed to be bound by the report of the commission and approved by the trial court. The agreement is a contract between the parties. It has the force of law between them and should be complied with in good faith. Article 1159 and 1315 of the Civil Code explicitly provides:

Art. 1159. Obligations arising from contracts have the force of law between the contracting parties and should be complied with in good faith.

Art. 1315. Contracts are perfected by mere consent, and from that moment the parties are bound not only to the fulfillment of what has been expressly stipulated but also to all the consequences which, according to their nature, may be in keeping with good faith, usage and law.

Furthermore, during the hearing on 22 November 1996, petitioner did not interpose a serious objection.^[11] It is therefore too late for petitioner to question the valuation now without violating the principle of equitable estoppel. Estoppel in pais arises when one, by his acts, representations or admissions, or by his own silence when he ought to speak out, intentionally or through culpable negligence, induces another to believe certain facts to exist and such other rightfully relies and acts on such belief, so that he will be prejudiced if the former is permitted to deny the existence of such facts.^[12] Records show that petitioner consented to conform with the valuation recommended by the commissioners. It cannot detract from its agreement now and assail correctness of the commissioners' assessment.

Finally, while Section 4, Rule 67 of the Rules of Court provides that just compensation shall be determined at the time of the filing of the complaint for expropriation,[13]such law cannot prevail over R.A. 7160, which is a substantive law.[14]

WHEREFORE, finding no reversible error in the assailed judgment of the Court of Appeals in CA-G.R. CV No. 59204, the petition in this case is hereby DENIED.

No pronouncement as to costs.

SO ORDERED.

Puno, Kapunan, Ynares-Santiago, and Austria-Martinez, JJ., concur.

[1] Rollo, 20-25. Per Montoya, S., J., ponente with Vasquez, Jr., C. and Regino, T., JJ., concurring.

[2] Entitled “The Local Government Code of 1991.”

[3] Rollo, 60.

[4] Annex “1” of Comment, Rollo, 57-58.

[5] Rollo, 60-63. Per judgment of Judge Meinrado P. Paredes.

[6] Rollo, 64.

[7] Supra note 1.

[8] 254 SCRA 577 [1996].

[9] Moday v. Court of Appeals, 268 SCRA 586, 592 [1997].

[10] Supra note 8.

[11] Rollo, 64, Per Order of Judge Meinrado P. Paredes, 27 December 1996.

[12] Ibaan Rural Bank, Inc. v. Court of Appeals, 321 SCRA 88, 93 [1999]; Philippine National Bank v. Court of Appeals, 315 SCRA 309, 314 [1999].

[13] SEC 4. Order of condemnation. -- When such motion is overruled or when any party fails to defend as required by this rule, the court may enter an order 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. xxx (emphasis, ours).

[14] See Philippine National Bank v. Independent Planters Association, Inc., 122 SCRA 113 [1983].

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