

LAND BANK OF THE PHILIPPINES, PETITIONER, VS. FEDERICO C. SUNTAY, REPRESENTED BY HIS ASSIGNEE, JOSEFINA LUBRICA, RESPONDENT.

G.R. NO. 157903. October 11, 2007

Ponente: SANDOVAL-GUTIERREZ, J.

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SANDOVAL-GUTIERREZ, J.:

For our resolution is the instant Petition for Review on Certiorari assailing the Amended Decision[1] dated February 5, 2003 and Resolution dated April 10, 2003 of the Court of Appeals in CA-G.R. SP No. 70015, entitled “Land Bank of the Philippines, petitioner, versus Hon. Ernesto P. Pagayatan, in his capacity as Executive Judge, RTC, Branch 46, San Jose, Occidental Mindoro; Federico C. Suntay, represented by his assignee, Josefina Lubrica; Department of Agrarian Reform; and Regional Agrarian Reform Adjudicator Conchita C. Miñas, respondents.”

The facts are:

Federico Suntay (married to Cristina Aguinaldo-Suntay), herein respondent, represented by his assignee, Josefina Lubrica, is the registered owner of a parcel of land with a total area of 3,682.0285 hectares situated in Sta. Lucia, Sablayan, Occidental Mindoro, covered by Transfer Certificate of Title No. T-31 of the Registry of Deeds of Mamburao, same province.

Sometime in 1972, the Department of Agrarian Reform (DAR), pursuant to the government’s land reform program under Presidential Decree No. 27,[2] expropriated 948.1911 hectares of respondent’s property. The portion expropriated consisted mostly of lowland and non-irrigated riceland.

The Land Bank of the Philippines[3] (Land Bank), herein petitioner, and the DAR fixed the value of the expropriated land at P4,251,141.68 or P4,497.50 per hectare.

Respondent rejected petitioner’s valuation as being unconscionably low and tantamount to taking his property without due process. He then filed with the Office of the Regional Agrarian Reform Adjudicator (RARAD), Region IV, Department of Agrarian Reform Adjudication Board (DARAB), a petition for the determination of just compensation against petitioner and the DAR, docketed as DARAB Case No. V-0405-0001-00.

On January 24, 2001, after conducting summary administrative proceedings, the RARAD rendered a Decision[4] fixing the just compensation for the expropriated land at P157,541,951.30 and directing petitioner to pay respondent the said amount.

Petitioner filed a motion for reconsideration but it was denied by the RARAD in an Order dated March 14, 2001.

On April 20, 2001, petitioner filed with the Regional Trial Court (RTC), Branch 46, San Jose, Occidental Mindoro, sitting as a Special Agrarian Court, a Petition for Judicial Determination of Just Compensation against respondent and the RARAD, docketed as Agrarian Case No. R-1241. Petitioner prayed that the just compensation

for respondent's expropriated land be fixed at P4,251,141.67 only.

Respondent filed a motion to dismiss the petition mainly on the ground that it was filed beyond the 15-day reglementary period as required by Section 11,[5] Rule XIII of the New Rules of Procedure of DARAB. Hence, the RARAD Decision had attained finality.

Meanwhile, on May 22, 2001, the RARAD, upon respondent's motion, issued an Order in DARAB Case No. V-0405-0001-00 declaring that the Decision of January 24, 2001 had become final and executory. Petitioner moved for reconsideration contending that the Decision did not attain finality because it is the RTC that finally determines the just compensation of the expropriated property; and that when it filed with the RTC its petition for determination of just compensation, the RARAD had no more jurisdiction over the DARAB case. However, the RARAD denied petitioner's motion for reconsideration in an Order dated July 10, 2001. On July 18, 2001, the RARAD issued a writ of execution directing the sheriff of DARAB-Region IV to implement the Decision.

Going back to Agrarian Case No. R-1241 before the RTC, Executive Judge Ernesto P. Pagayatan issued an Order[6] dated August 6, 2001, dismissing the Land Bank's petition for being late. Petitioner promptly filed a motion for reconsideration maintaining that its petition is a separate action and did not emanate from the case before the RARAD. In an Order dated August 31, 2001, the RTC denied the motion.

Thus, on September 10, 2001, petitioner filed with the RTC a Notice of Appeal.[7]

On January 18, 2002, the RTC issued an Order dismissing the Notice of Appeal on the ground that the proper mode of appeal is a petition for review, pursuant to Section 60 of Republic Act (R.A.) No. 6657 (The Comprehensive Agrarian Reform Law), thus:

SECTION 60. Appeals. – An appeal may be taken from the decision of the Special Agrarian Courts by filing a petition for review with the Court of Appeals within fifteen (15) days from receipt of the decision; otherwise the decision shall become final.

x x x.

Petitioner's motion for reconsideration was likewise denied by the RTC in its Order dated March 8, 2002.

This prompted petitioner to file with the Court of Appeals a petition for certiorari, docketed as CA-G.R. SP No. 70015, now subject of the instant case. Petitioner alleged that the RTC committed grave abuse of discretion amounting to lack or excess of jurisdiction in dismissing its notice of appeal; and that decisions or final orders of the RTCs, acting as Special Agrarian Courts, are not appealable to the Court of Appeals through a petition for review but through a mere notice of appeal.

On July 19, 2002, the Court of Appeals rendered its Decision[8] (1) granting the petition for certiorari; (2) nullifying the RTC Orders dated January 18, 2002 and March 08, 2002 dismissing petitioner's Notice of Appeal; (3) entering a new judgment giving due course to petitioner's notice of appeal; and (4) enjoining permanently the RTC from enforcing its twin Orders, as well as the RARAD from enforcing the writ of execution issued in DARAB Case No. V-0405-0001-00.

Respondent filed a motion for reconsideration maintaining that petitioner resorted to a wrong mode of appeal; hence, the RTC did not commit grave abuse of discretion in dismissing its notice of appeal. Respondent cited this Court's Decision dated September 10, 2002 in G.R. No. 143275, entitled *Land Bank of the Philippines v. Arlene De Leon and Bernardo de Leon*,[9] holding that the proper mode of appeal from a Decision of the RTC acting as a Special Agrarian Court shall be by way of a petition for review.

Finding merit in respondent's motion for reconsideration, the Court of Appeals rendered an Amended Decision

dated February 5, 2003 dismissing the petition for certiorari in CA-G.R. SP No. 70015, thus:

WHEREFORE, premises considered, the present Motion for Reconsideration is hereby GRANTED. Consequently, the present petition is hereby DISMISSED.

The injunction issued by this Court enjoining (a) respondent Executive Judge from enforcing his Orders dated January 18, 2002 and March 8, 2002 in Agrarian Case No. R-1241; and (b) respondent Regional Agrarian Reform Adjudicator Conchita S. Miñas from enforcing the Writ of Execution dated July 18, 2001 issued in DARAB Case No. V-0405-0001-00, are hereby REVOKED and SET ASIDE.

SO ORDERED.[10]

Petitioner filed a motion for reconsideration but it was denied by the Court of Appeals in its Resolution[11] dated April 10, 2003.

Hence, this petition.

Petitioner contends that the Court of Appeals erred in applying our ruling in *Arlene De Leon* since it has not yet become final and executory, and in affirming the RTC Order of January 18, 2002 dismissing its notice of appeal. For his part, respondent prays that the present petition be denied for lack of merit.

Meanwhile, on October 12, 2005, upon petitioner's urgent motion/application, we issued a Temporary Restraining Order enjoining the RARAD from implementing the Decision dated January 24, 2001 until this case is finally decided.[12]

The crucial issue for our resolution is whether the RTC erred in dismissing the Land Bank's petition for the determination of just compensation.

It is clear that the RTC treated the petition for the determination of just compensation as an appeal from the RARAD Decision in DARAB Case No. V-0405-0001-00. In dismissing the petition for being filed out of time, the RTC relied on Section 11, Rule XIII of the DARAB New Rules of Procedure which provides:

Section 11. Land Valuation and Preliminary Determination and Payment of Just Compensation. – The decision of the Adjudicator on land valuation and preliminary determination and payment of just compensation shall not be appealable to the Board [Department of Agrarian Reform Adjudication Board (DARAB)] but shall be brought directly to the Regional Trial Courts designated as Special Agrarian Courts within fifteen (15) days from receipt of the notice thereof. Any party shall be entitled to only one motion for reconsideration.

The RTC erred in dismissing the Land Bank's petition. It bears stressing that the petition is not an appeal from the RARAD final Decision but an original action for the determination of the just compensation for respondent's expropriated property, over which the RTC has original and exclusive jurisdiction. This is clear from Section 57 of R.A. No. 6657 which provides:

Section 57. Special Jurisdiction. – The Special Agrarian Courts [the designated Regional Trial Courts] shall have original and exclusive jurisdiction over all petitions for the determination of just compensation to landowners, and the prosecution of all criminal offenses under this Act. The Rules of Court shall apply to all proceedings before the Special Agrarian Courts, unless modified by this Act.

The Special Agrarian Courts shall decide all appropriate cases under their special jurisdiction within thirty (30) days from submission of the case for decision. (Underscoring supplied)

Parenthetically, the above provision is not in conflict with Section 50 of the same R.A. No. 6657 which states:

Section 50. Quasi-judicial Powers of the DAR. – The DAR is hereby vested with primary jurisdiction to

determine and adjudicate agrarian reform matters and shall have exclusive original jurisdiction over all matters involving the implementation of agrarian reform, except those falling under the exclusive jurisdiction of the Department of Agriculture (DA) and the Department of Environment and Natural Resources (DENR) x x x.

In *Republic of the Philippines v. Court of Appeals*,^[13] we held that Section 50 must be construed in harmony with Section 57 by considering cases involving the determination of just compensation and criminal cases for violations of R.A. No. 6657 as excepted from the plenitude of power conferred upon the DAR. Indeed, there is a reason for this distinction. The DAR is an administrative agency which cannot be granted jurisdiction over cases of eminent domain (such as taking of land under R.A. No. 6657) and over criminal cases. Thus, in *Land Bank of the Philippines v. Celada*^[14] *Export Processing Zone Authority v. Dulay*,^[15] and *Sumulong v. Guerrero*,^[16] we held that the valuation of property in eminent domain is essentially a judicial function which cannot be vested in administrative agencies. Also, in *Scoty's Department Store, et al. v. Micaller*,^[17] we struck down a law granting the then Court of Industrial Relations jurisdiction to try criminal cases for violations of the Industrial Peace Act.^[18]

The procedure for the determination of just compensation cases under R.A. No. 6657, as summarized in *Landbank of the Philippines v. Banal*,^[19] is that initially, the Land Bank is charged with the responsibility of determining the value of lands placed under land reform and the compensation to be paid for their taking under the voluntary offer to sell or compulsory acquisition arrangement.^[20] The DAR, relying on the Land Bank's determination of the land valuation and compensation, then makes an offer through a notice sent to the landowner.^[21] If the landowner accepts the offer, the Land Bank shall pay him the purchase price of the land after he executes and delivers a deed of transfer and surrenders the certificate of title in favor of the government.^[22] In case the landowner rejects the offer or fails to reply thereto, the DAR adjudicator^[23] conducts summary administrative proceedings to determine the compensation for the land by requiring the landowner, the Land Bank and other interested parties to submit evidence as to the just compensation for the land.^[24] A party who disagrees with the Decision of the DAR adjudicator may bring the matter to the RTC designated as a Special Agrarian Court^[25] for the determination of just compensation.^[26] In determining just compensation, the RTC is required to consider several factors enumerated in Section 17 of R.A. No. 6657. These factors have been translated into a basic formula in DAR Administrative Order (A.O.) No. 6, Series of 1992, as amended by DAR A.O. No. 11, Series of 1994, issued pursuant to the DAR's rule-making power to carry out the object and purposes of R.A. No. 6657.

The formula in determining the just compensation of the expropriated property, as laid down in *Landbank of the Philippines v. Banal*,^[27] is as follows:

$$LV = (CNI \times 0.6) + (CS \times 0.3) + (MV \times 0.1)$$

LV = Land Value

CNI = Capitalized Net Income

CS = Comparable Sales

V = Market Value per Tax Declaration

The above formula shall be used if all the three factors are present, relevant and applicable.

A.1

When the CS factor is not present and CNI and MV are applicable, the formula shall be:

$$LV = (CNI \times 0.9) + (MV \times 0.1)$$

A.2

When the CNI factor is not present, and CS and MV are applicable, the formula shall be:

$$LV = (CS \times 0.9) + (MV \times 0.1)$$

A.3

When both the CS and CNI are not present and only MV is applicable, the formula shall be:

$$LV = MV \times 2$$

x x x the determination of just compensation involves the examination of the following factors specified in Section 17 of R.A. 6657, as amended:

- the cost of the 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;
- the assessment made by government assessors;
- the social and economic benefits contributed by the farmers and the farmworkers and by the government to the property; and
- the non-payment of taxes or loans secured from any government financing institution on the said land, if any.

Obviously, these factors involve factual matters which can be established only during a hearing wherein the contending parties present their respective evidence. In fact, to underscore the intricate nature of determining the valuation of the land, Section 58 of the same law even authorizes the Special Agrarian Courts to appoint commissioners for such purpose.

In the instant case, the Land Bank properly instituted its petition for the determination of just compensation before the RTC in accordance with R.A. No. 6657. The RTC erred in dismissing the petition. To repeat, Section 57 of R.A. No. 6657 is explicit in vesting the RTC, acting as a Special Agrarian Court, “original and exclusive jurisdiction over all petitions for the determination of just compensation to landowners.” As we held in *Republic of the Philippines v. Court of Appeals*:^[28]

x x x. It would subvert this “original and exclusive” jurisdiction of the RTC for the DAR to vest original jurisdiction in compensation cases in administrative officials and make the RTC an appellate court for the review of administrative decisions.

Consequently, although the new rules [Section 11, Rule XIII of the DARAB New Rules of Procedure] speak of directly appealing the decision of adjudicators to the RTCs sitting as Special Agrarian Courts, it is clear from Section 57 that the original and exclusive jurisdiction to determine such cases is in the RTCs. Any effort to transfer such jurisdiction to the adjudicators and to convert the original jurisdiction of the RTCs into appellate jurisdiction would be contrary to Section 57 and therefore would be void. What adjudicators are empowered to do is only to determine in a preliminary manner the reasonable compensation to be paid to landowners, leaving to the courts the ultimate power to decide this question. (Underscoring supplied)

WHEREFORE, we GRANT the instant Petition for Review on Certiorari. The assailed Amended Decision dated February 5, 2003 and Resolution dated April 10, 2003 of the Court of Appeals in CA-G.R. SP No. 70015 are REVERSED. The Orders dated January 18, 2002 and March 8, 2002 issued by the RTC in Agrarian Case No. R-1241 are NULLIFIED. The RTC is ORDERED to conduct further proceedings to determine the just

compensation of respondent's expropriated property in accordance with the guidelines set by this Court in *Landbank of the Philippines v. Banal*.^[29]

No pronouncement as to costs.

SO ORDERED.

Puno, C.J., (Chairperson), Corona, Azcuna, and Garcia, JJ., concur.

[1] Penned by Associate Justice Martin S. Villarama, Jr. and concurred in by Associate Justice Conrado M. Vasquez, Jr. and Associate Justice Mariano C. Del Castillo, Rollo, pp. 28-32.

[2] Decreeing The Emancipation of Tenants from the Bondage of the Soil, Transferring to Them the Ownership of the Land They Till and Providing the Instruments and Mechanism Therefor.

[3] This bank is a government financial institution organized and existing by virtue of Republic Act No. 3844, as amended. It is one of the government agencies or instrumentalities implementing the Comprehensive Agrarian Reform Program (CARP) instituted by Republic Act No. 6657, and the designated financial intermediary and custodian of the Agrarian Reform Fund.

[4] Rollo, pp. 174-186.

[5] Section 11. Land Valuation and Preliminary Determination and Payment of Just Compensation. – The decision of the Adjudicator on land valuation and preliminary determination and payment of just compensation shall not be appealable to the Board [Department of Agrarian Reform Adjudication Board (DARAB)] but shall be brought directly to the Regional Trial Courts designated as Special Agrarian Courts within fifteen (15) days from receipt of the notice thereof. Any party shall be entitled to only one motion for reconsideration.

[6] Rollo, pp. 203-205.

[7] *Id.*, pp. 206-208.

[8] Annex "G," Petition, *id.*, pp. 70, 78-79.

[9] G.R. No. 143275, September 10, 2002, 388 SCRA 537.

[10] Annex "A," Petition, Rollo, pp. 26, 31.

[11] Annex "B," *id.*, pp. 33-35.

[12] Rollo, p. 592.

[13] 331 Phil. 1070, 1074-1075 (1996).

[14] G.R. No. 164876, January 23, 2006, 479 SCRA 495, 504-505.

[15] No. L-59603, April 29, 1987, 149 SCRA 305.

[16] No. L-48685, September 30, 1987, 154 SCRA 461.

[17] 99 Phil. 762 (1956).

[18] Cited in *Republic of the Philippines v. Court of Appeals*, *supra*, footnote 13, pp. 1075-1076.

[19] G.R. No. 143276, July 20, 2004, 434 SCRA 543, 548-549; see also *Republic of the Philippines v. Court of*

Appeals, *supra*.

[20] Sec. 1, Executive Order No. 405 dated June 14, 1990.

[21] Sec. 16(a) of R.A. No. 6657, as amended.

[22] Sec. 16(c), *id*.

[23] The Provincial Agrarian Reform Adjudicator (PARAD) and the Regional Agrarian Reform Adjudicator (RARAD), depending on the value of the land within their respective territorial jurisdiction (Sec. 2, Rule II, DARAB Rules of Procedure).

[24] Sec. 16(d), of R.A. No. 6657, as amended.

[25] Sec. 56, *id*.

[26] Sec. 16(f), in relation to Sec. 57, *id*.

[27] G.R. No. 143276, July 20, 2004, 434 SCRA 543.

[28] *Supra*, footnote 13, pp. 1077-1078. See also *Land Bank of the Philippines v. Celada*, *supra*, footnote 14, p. 504; *Land Bank of the Philippines v. Court of Appeals*, G.R. No. 126332, November 16, 1999, 318 SCRA 144, 154.

[29] *Supra*, footnote 19.

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