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PHILIPPINE VETERANS BANK, PETITIONER, VS. BASES CONVERSION DEVELOPMENT AUTHORITY, LAND BANK OF THE PHILIPPINES, ARMANDO SIMBILLO, CHRISTIAN MARCELO, ROLANDO DAVID, RICARDO BUCUD...

G.R. No. 173085, January 19, 2011

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This case is about the authority of the court in an expropriation case to adjudicate questions of ownership of the subject properties where such questions involve the determination of the validity of the issuance to the defendants of Certificates of Land Ownership Awards (CLOAs) and Emancipation Patents (EPs), questions that fall within the jurisdiction of the Department of Agrarian Reform Adjudication Board (DARAB).

The Facts and the Case

In late 2003 respondent Bases Conversion Development Authority (BCDA), a government corporation, filed several expropriation actions before the various branches of the Regional Trial Court (RTC) of Angeles City, for acquisition of lands needed for the construction of the Subic-Clark-Tarlac Expressway Project. Ten of these cases were raffled to Branch 58 of the court[1] and it is these that are the concern of the present petition.

The defendants in Branch 58 cases were respondents Armando Simbillo, Christian Marcelo, Rolando David, Ricardo Bucud, Pablo Santos, Agrifina Enriquez, Conrado Espeleta, Catgerube Castro, Carlito Mercado, and Alfredo Suarez. They were the registered owners of the expropriated lands that they acquired as beneficiaries of the comprehensive agrarian reform program. Another defendant was Land Bank of the Philippines, the mortgagee of the lands by virtue of the loans it extended for their acquisition. The lands in these cases were located in Porac and Floridablanca, Pampanga.

On learning of the expropriation cases before Branch 58, petitioner Philippine Veterans Bank (PVB) filed motions to intervene in all the cases with attached complaints-in-intervention, a remedy that it adopted in similar cases with the other branches. PVB alleged that the covered properties actually belonged to Belmonte Agro-Industrial Development Corp. which mortgaged the lands to PVB in 1976. PVB had since foreclosed on the mortgages and bought the same at public auction in 1982. Unfortunately, the bank had been unable to consolidate ownership in its name.

But, in its order of August 18, 2004,[2] Branch 58 denied PVB's motion for intervention on the ground that the intervention amounts to a third-party complaint that is not allowed in expropriation cases and that the intervention would delay the proceedings in the cases before it. Besides, said Branch 58, PVB had a pending action for annulment of the titles issued to the individual defendants and this was pending before Branch 62 of the court.

PVB filed its motion for reconsideration but Branch 58 denied the same, prompting the bank to file a petition for certiorari with the Court of Appeals (CA).[3] On January 26, 2006 the CA rendered a decision, dismissing the petition for lack of merit.[4] It also denied in a resolution dated June 2, 2006[5] PVB's motion for reconsideration.

Meanwhile, on April 3, 2006 Branch 58 issued separate decisions in all 10 cases before it, granting the

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expropriation of the subject properties. The court noted the uncertainty as to the ownership of such properties but took no action to grant BCDA's prayer in its complaint that it determine the question of ownership of the same pursuant to Section 9, Rule 67 of the Revised Rules of Civil Procedure.[6]

The Issue Presented

The issue presented in this case is whether or not the CA erred in holding that PVB was not entitled to intervene in the expropriation cases before Branch 58 of the Angeles City RTC.

The Court's Ruling

PVB maintains that in deciding the case, the RTC and the CA ignored Section 9, Rule 67 of the 1997 Rules of Civil Procedure, which authorizes the court adjudicating the expropriation case to hear and decide conflicting claims regarding the ownership of the properties involved while the compensation for the expropriated property is in the meantime deposited with the court. Section 9 provides:

> Sec. 9. Uncertain ownership; conflicting claims. — If the ownership of the property taken is uncertain, or there are conflicting claims to any part thereof, the court may order any sum or sums awarded as compensation for the property to be paid to the court for the benefit of the person adjudged in the same proceeding to be entitled thereto. But the judgment shall require the payment of the sum or sums awarded to either the defendant or the court before the plaintiff can enter upon the property, or retain it for the public use or purpose if entry has already been made.

PVB's point regarding the authority of the court in expropriation cases to hear and adjudicate conflicting claims over the ownership of the lands involved in such cases is valid. But such rule obviously cannot apply to PVB for the following reasons:

1. At the time PVB tried to intervene in the expropriation cases, its conflict with the farmer beneficiaries who held CLOAs, EPs, or TCTs emanating from such titles were already pending before Angeles City RTC Branch 62, a co-equal branch of the same court. Branch 58 had no authority to pre-empt Branch 62 of its power to hear and adjudicate claims that were already pending before it.

2. Of course, subsequently, after the CA dismissed PVB's petition on January 26, 2006, the latter filed a motion for reconsideration, pointing out that it had in the meantime already withdrawn the actions it filed with Branch 62 after learning from the decision of the Supreme Court in Department of Agrarian Reform v. Cuenca,[7] that jurisdiction over cases involving the annulment of CLOAs and EPs were vested by Republic Act 6657 in the DARAB.[8]

PVB now points out that, since there was no longer any impediment in RTC Branch 58 taking cognizance of its motion for intervention and adjudicating the parties' conflicting claims over the expropriated properties, the CA was in error in not reconsidering its decision.

But PVB's withdrawal of its actions from Branch 62 cannot give Branch 58 comfort. As PVB itself insists, jurisdiction over the annulment of the individual defendants' CLOAs and EPs (which titles if annulled would leave PVB's titles to the lands unchallenged) lies with the DARAB. Branch 58 would still have no power to adjudicate the issues of ownership presented by the PVB's intervention.

Actually, PVB's remedy was to secure an order from Branch 58 to have the proceeds of the expropriation deposited with that branch in the meantime, pending adjudication of the issues of ownership of the expropriated lands by the DARAB. Section 9 above empowers the court to order payment to itself of the proceeds of the expropriation whenever questions of ownership are yet to be settled. There is no reason why this rule should not

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be applied even where the settlement of such questions is to be made by another tribunal.

WHEREFORE, the Court DENIES the petition and AFFIRMS the decision of the Court of Appeals dated January 26, 2006 and its resolution dated June 2, 2006 in CA-G.R. SP 88144.

SO ORDERED.

Carpio, (Chairperson), Nachura, Peralta, and Mendoza, JJ., concur.

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[1] SCA 11214 entitled "BCDA v. Alfredo Suarez, et al."; SCA 11229 entitled "BCDA v. Heirs of Enriquez, et al."; SCA 11230 entitled "BCDA v. Cristian Marcelo, et al."; SCA 11232 entitled "BCDA v. Catherine Castro, et al."; SCA 11237 entitled "BCDA v. Pablo Santos, et al."; SCA 11260 entitled "BCDA v. Ricardo Bucud, et al."; SCA 11262 entitled "BCDA v. Rolando David"; SCA 11263 entitled "BCDA v. Armando Simbillo, et al."; SCA 11264 entitled "BCDA v. Conrado Espeleta"; and SCA 11291 entitled "BCDA v. Carlito Mercado, et al."

[2] Rollo, pp. 43-46.

[3] Docketed as CA-G.R. SP 88144.

[4] Rollo, pp. 35-40; penned by Associate Justice Rodrigo V. Cosico, and concurred in by Associate Justices Regalado E. Maambong and Lucenito N. Tagle.

[5] Id. at 42.

[6] Id. at 99, 104, 110, 116, 122, 127 and 132.

[7] 482 Phil. 208, 216 (2004).

[8] See also Philippine Veterans Bank v. Court of Appeals, 501 Phil. 24, 34 (2005); Dao-ayan v. Department of Agrarian Reform Adjudication Board, G.R. No. 172109, August 29, 2007, 531 SCRA 620, 628.

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