

EXPORT PROCESSING ZONE AUTHORITY (NOW PHILIPPINE EXPORT ZONE AUTHORITY), PETITIONER, VS. JOSE PULIDO, VICENTA PANGANIBAN, RURAL BANK OF SALINAS, INC., FRANCISCA M. PRODIGALIDAD,...

G.R. No. 188995. August 24, 2011

Ponente: BERSAMIN, J.

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BERSAMIN, J.:

In this appeal, we heed the plea of the owner of expropriated property for the much-delayed payment of just compensation by affirming the decision promulgated on April 20, 2009[1] and the resolution dated July 20, 2009,[2] whereby the Court of Appeals (CA) respectively upheld the decision rendered on September 19, 2005 by the Regional Trial Court (RTC), Branch 17, in Cavite City,[3] and denied the petitioner's motion for reconsideration.

Antecedents

The controversy has its genesis in the action for the expropriation of three parcels of irrigated riceland situated in Rosario, Cavite that the petitioner commenced on May 15, 1981 in the Court of First Instance of Cavite against the several individual owners.[4] The parcels of Riceland were: (a) Lot 1408, with an area of 31,426 square meters and covered by Transfer Certificate of Title (TCT) No. T-2908 of the Registry of Deeds of Cavite in the names of Jose Pulido and Vicenta Panganiban; (b) Lot 1409-B-2, with an area of 32,907 square meters and covered by TCT No. T-70724 of the Registry of Deeds of Cavite co-owned by Francisco Prodigalidad and Medardo Prodigalidad; and (c) Lot 1406, with an area of 26,008 square meters and covered by TCT No. T-113498 registered in the name of Salud Jimenez.

During the pendency of the case, Lot 1406 was subdivided into Lot 1406-A (with an area of 12,890 square meters) and 1406-B (with an area of 13,118 square meters).

On July 11, 1991, the RTC sustained the right of the petitioner to expropriate the three parcels of riceland, but later partly reconsidered and released Lot 1406-A from expropriation.

The petitioner appealed to the CA.

On January 4, 1993, the petitioner and the Estate of Salud Jimenez (due to Salud Jimenez having meanwhile died on October 30, 1984) entered into a Compromise Agreement, stipulating essentially as follows:

(a) That the petitioner "agrees to withdraw its appeal from the Order of the Honorable Court dated October 25, 1991 which released lot 1406-A from the expropriation proceedings" and the Estate of Jimenez, in turn, "agrees to waive, quitclaim and forfeit its claim for damages and loss of income which it sustained by reason of the possession of [Lot 1406-A] by [EPZA] from 1981 up to the present";

(b) The parties agree that the Estate of Salud Jimenez would transfer Lot 1406-B to the petitioner in exchange

for "lot 434 with an area of 14,167 square meters and covered by Transfer Certificate of Title No. 14772 of the Registry of Deeds of Cavite";

(c) The swap arrangement "recognizes the fact that the lot 1406-B xxx is considered expropriated in favor of the government" and the payment for which being Lot 434; and

(d) The parties "agree that they will abide by the terms of the foregoing agreement in good faith and the Decision to be rendered based on this Compromise Agreement is immediately final and executory."

In due time, the CA remanded the case to the RTC for the consideration and approval of the Compromise Agreement.

On August 23, 1993, the RTC approved the Compromise Agreement.

Contrary to its express undertaking under the Compromise Agreement, the petitioner failed to transfer the title of Lot 434 to the Estate of Salud Jimenez because the registered owner was Progressive Realty Estate, Inc., not the petitioner. As a result, on March 13, 1997, the Estate of Salud Jimenez filed a Motion to Partially Annul the Order dated August 23, 1993.

On August 4, 1997, the RTC annulled the Compromise Agreement and directed the petitioner to peacefully return Lot 1406-B to the Estate of Salud Jimenez.

The petitioner went to the CA by petition for certiorari and prohibition, essentially to nullify the order dated August 4, 1997.

In its decision promulgated on March 25, 1998, the CA partially granted the petition for certiorari and prohibition; set aside the order of the RTC on the return of Lot 1406-B to the Estate of Salud Jimenez; and directed that the RTC determine the just compensation for Lot 1406-B.

Upon the CA's denial of its Motion for Reconsideration, the Estate of Salud Jimenez appealed to the Court (G.R. No. 137285).[5]

On January 16, 2001,[6] the Court promulgated its decision in G.R. No. 137285, disposing:

WHEREFORE, the instant petition is hereby denied. The Regional Trial Court of Cavite City is hereby ordered to proceed with the hearing of the expropriation proceedings, docketed as Civil Case No. N-4029, regarding the determination of just compensation for Lot 1406-B, covered and described in TCT No. T-113498-Cavite, and to resolve the same with dispatch.

SO ORDERED.

The Court explained in G.R. No.137285 that the Estate of Salud Jimenez had already acknowledged the propriety of the expropriation of Lot 1406-B by entering into the Compromise Agreement; and that the provisions of the Compromise Agreement had consequently related only to the form or mode of payment of the just compensation for Lot 1406-B, that is, in lieu of cash, another lot (Lot 434) was to be delivered as just compensation to the Estate of Salud Jimenez, stating:

xxx The only issue for consideration is the manner and amount of payment due to [the Estate of Salud Jimenez]. In fact, aside from the withdrawal of [PEZA's] appeal to the Court of Appeals concerning Lot 1406-A, the matter of payment of just compensation was the only subject of the compromise agreement dated January 4, 1993. Under the compromise agreement, [the Estate of Salud Jimenez] was supposed to receive [PEZA's] Lot No. 434 in exchange for Lot 1406-B. When [PEZA] failed to fulfil its obligation to deliver Lot 434, [the Estate of Salud Jimenez] can again demand for the payment but not the return of the expropriated Lot 1406-B. This interpretation by the Court of Appeals is in accordance with Sections 4 to 8, Rule 67 of the Rules

of Court.[7]

Considering that the decision in G.R. No.137285 became final and executory, the RTC conducted proceedings to determine the just compensation for Lot 1406-B. During the trial, however, the petitioner raised the issue of whether the just compensation should be based on the value or assessment rate prevailing in 1981 or in 1993, insisting that the just compensation for Lot 1406-B should be equivalent to its fair market value in 1981, the time of the filing of its expropriation complaint, which was the time of the taking. The Estate of Salud Jimenez contended, in contrast, that the just compensation should be reckoned as of August 4, 1997, when the Compromise Agreement was annulled and set aside.

In its decision,[8] the RTC resolved that:

(a) The just compensation for Lot 1406-B should be based on the value or assessment rate prevalent in 1993, the year the parties entered into the Compromise Agreement and thereby agreed that the just compensation for Lot 1406-B was Lot 434;

(b) The just compensation of Lot 1406-B was P6,200.00/square meter as substantiated by the several documents presented to show the value of properties adjacent to Lot 1406-B, namely: (1) the Deed of Sale of Lot 1406-A executed in 1994, whereby one of the heirs of Salud Jimenez sold the lot to the Manila Electric Company (MERALCO) for P6,395.00/square meter; (2) a certified true copy of the 1998 zonal valuation of properties along the PEZA Road, Barangay Tejero, Cavite City, containing the zonal valuations of residential and commercial properties in the area to be, respectively, P4,000.00/square meter and P8,000.00/square meter; (3) an appraisal report on Lot 1406-B by an independent appraiser stating that the value of properties in the vicinity of Lot 1406-B was P7,500.00/square meter in 1997; and (4) other documents showing payment of just compensation by PEZA to the owners of previously expropriated properties adjacent to or near Lot 1406-B; and

(c) The total compensation to be paid should bear interest at the legal rate reckoned from August 23, 1993.

On appeal, the CA affirmed the decision of the RTC.[9] Hence, the petitioner comes to the Court to seek a further review.

Issue

The petitioner now submits that just compensation for Lot 1406-B was only P41,610.00, the equivalent of the zonal valuation of Lot 1406-B under Tax Declaration No. 7252 issued in 1981; that any amount above Lot 1406-B's 1981 zonal valuation would unjustly enrich the Estate of Salud Jimenez due to the escalated price of the expropriated property; and that the Estate of Salud Jimenez was entitled only to compensation for the loss of its "vacant and idle land at the time of taking and/or filing of the complaint, whichever came first, and not to the incremental benefit that has been derived therefrom after the introduction of improvements thereto by [the petitioner]."[10]

On the other hand, the Estate of Salud Jimenez maintains that just compensation for Lot 1406-B must be based on the value of the property (and of other properties adjacent to it) in 1993 when the parties entered into the Compromise Agreement and agreed that the just compensation for Lot 1406-B was Lot 434, or Lot 434's equivalent value. The Estate of Salud Jimenez articulates the reason in its Comment, thuswise:

[T]he peremptory exercise by the state of its power to expropriate the subject lot has been extremely painful to the original owner, Salud Jimenez, who already expired on October 30, 1984 without any more enjoying the fruits of her property. Thereafter, her heirs likewise failed to savor the produce or income of the land for twenty eight (28) long years up to the present time. In contrast, petitioner without paying a single centavo for the land, has collected millions of pesos from the lessee banks and bus and jitney operators and continue to

reap a bounty from the property. It cannot be gainsaid that petitioner [PEZA] has been unfairly harsh to herein respondent when it foisted a land upon which it has no legal title. In this factual milieu, justice and equity demand that an equitable relief be granted to herein respondent to fix the just compensation as of 1993 and not on May 15, 1981 which is the date of filing of the complaint.[11]

The issue is simply whether or not just compensation should be based on the value of Lot 1406-B prevailing in 1981 or in 1993.

Ruling

The petition for review lacks merit.

1.

Just compensation for Lot 1406-B must be based on value of property prevailing in 1993

What would have been an easy and straightforward implementation of the decision promulgated on January 16, 2001 in G.R. No. 137285 was delayed by the petitioner's interposition of the issue on the proper reckoning point for computing the just compensation for Lot 1406-B. A reading of the decision in G.R. No. 137285 exposes the interposition as nothing more than an insincere attempt of the petitioner to delay the inevitable performance of its obligation to pay just compensation for Lot 1406-B. Indeed, the Court pronounced there that "the compromise agreement was only about the mode of payment by swapping of lots xxx, only the originally agreed form of compensation that is by [lot[12]] payment, was rescinded." [13]

That pronouncement became the law of the case, anything to the contrary of which the petitioner could not validly rely upon. The doctrine of the law of the case means that whatever is irrevocably established as the controlling legal rule between the same parties in the same case, whether correct on general principles or not, continues to be the law of the case for as long as the facts on which the legal rule was predicated continue to be the facts of the case before the court.[14] It applies in a situation where an appellate court has made a ruling on a question on appeal and thereafter remands the case to the lower court for further proceedings; the question then settled by the appellate court becomes the law of the case binding the lower court and any subsequent appeal,[15] and questions necessarily involved and dealt with in a former appeal will be regarded as the law of the case in a subsequent appeal, although the questions are not expressly treated in the opinion of the court, inasmuch as the presumption is that all the facts in the case bearing on the point decided have received due consideration whether all or none of them are mentioned in the opinion.[16]

To reiterate, in G.R. No. 137285, the Court upheld the annulment of the Compromise Agreement and recognized that the agreed upon mode of payment of the just compensation for Lot 1406-B with Lot 434 was cancelled. It is notable that the Court mentioned nothing therein about the invalidation of the amount of just compensation corresponding to the mode of payment, which was the value of Lot 434 at the time, which silence was the Court's acknowledgment that the parties understood and accepted, by entering into the Compromise Agreement in 1993, that the just compensation for Lot 1406-B was Lot 434 (or the value of Lot 434, which at the time of the swap in 1993 was definitely much higher than Lot 434's value in 1981).

Accordingly, we completely agree with the RTC's observation that "when the parties signed the compromise agreement and the same was approved, they had in fact settled between themselves the question of what is just compensation and that both of them had intended that defendant would be compensated on the basis of prevailing values at the time of the agreement." [17] We further completely agree with the CA's conclusion that "by agreeing to a land swap in 1993 in the ill-fated compromise agreement, [PEZA] had impliedly agreed to paying just compensation using the market values in 1993." [18]

2.

P6,200.00/square meter is the correct
just compensation for Lot 1406-B

With the annulment of the Compromise Agreement, the payment of just compensation for Lot 1406-B now has to be made in cash. In that regard, the order of the Court to remand to the RTC for the determination of just compensation was indubitably for the sole objective of ascertaining the equivalent monetary value in 1993 of Lot 1406-B or Lot 434.

In due course, the RTC found that just compensation of Lot 1406-B was P6,200.00/square meter. Such finding, which the CA upheld, took into due consideration the clear and convincing evidence proving the fair valuation of properties similar and adjacent to Lot 1406-B at or near 1993, the time in question, namely:

(a) The deed of sale executed in 1994 by one of the heirs of the late Salud Jimenez to sell Lot 1406-A to MERALCO for P6,395.00/square meter;

(b) A certified true copy of the 1998 zonal valuation of properties along the PEZA Road, Barangay Tejero, Cavite City showing the zonal valuations of residential and commercial properties in the vicinity of Lot 1406-B to be P4,000.00/square meter and P8,000.00/square meter, respectively;

(c) An appraisal report done on Lot 1406-B by an independent appraiser stating that the value of properties in the vicinity of Lot 1406-B went for P7,500.00/square meter in 1997; and

(d) Other documents showing payments of just compensation by PEZA to the owners of other previously expropriated properties adjacent to or near Lot 1406-B.

The uniform findings of fact upon the question of just compensation reached by the CA and the RTC are entitled to the greatest respect. They are conclusive on the Court in the absence of a strong showing by the petitioner that the CA and the RTC erred in appreciating the established facts and in drawing inferences from such facts. We concur with the findings.

3.

Estate of Salud Jimenez entitled to
Interest of 12% per annum

The power of eminent domain is not an unlimited power. Section 9, Article III of the 1987 Constitution sets down the essential limitations upon this inherent right of the State to take private property, namely: (a) that the taking must be for a public purpose; and (b) that just compensation must be paid to the owner. The State must first establish that the exercise of eminent domain is for a public purpose, which, here, is already settled. What remains to be determined is the just compensation. In *Apo Fruits Corporation v. Land Bank*,^[19] the Court has held that compensation cannot be just to the owner in the case of property that is immediately taken unless there is prompt payment, considering that the owner thereby immediately suffers not only the loss of his property but also the loss of its fruits or income. Thus, in addition, the owner is entitled to legal interest from the time of the taking of the property until the actual payment in order to place the owner in a position as good as, but not better than, the position he was in before the taking occurred.^[20]

It is undeniable that just compensation was not promptly made to the Estate of Salud Jimenez for the taking of Lot 1406-B by the petitioner. The move to compensate through the swap arrangement under the Compromise Agreement was aborted or amounted to nothing through no fault of the Estate of Salud Jimenez. The petitioner, which should have known about the inefficacy of the swapping of Lot 434 for Lot 1406-B, could even be said to have resorted to the swapping for the purpose of delaying the payment. Thus, it was solely responsible for the

delay. In fact, the Estate of Salud Jimenez was compelled to seek the rescission of the Compromise Agreement, a process that prolonged even more the delay in the payment of just compensation. . In view of this, the CA's fixing of legal interest at only 6% per annum cannot be upheld and must be corrected, for that rate would not ensure that compensation was just in the face of the long delay in payment.

Already in G.R. No. 137285, the Court noted the long delay in payment and was naturally prompted to strongly condemn "the cavalier attitude of government officials who adopt such a despotic and irresponsible stance," quoting from *Cosculluela v. Court of Appeals*,^[21] that:

[I]t is high time that the petitioner be paid what was due him eleven years ago. It is arbitrary and capricious for a government agency to initiate expropriation proceedings, seize a person's property, allow a judgment of the court to become final and executory and then refuse to pay on the ground that there are no appropriations for the property earlier taken and profitably used. We condemn in the strongest possible terms the cavalier attitude of government officials who adopt such a despotic and irresponsible stance.^[22]

Accordingly, we hereby impose 12% interest per annum on the unpaid gross value of P81,331,600.00 for Lot 1406-B (i.e., 13,118 square meters x P6,200.00/square meter) from August 23, 1993, the date of the approval of the failed Compromise Agreement, until the full amount of the just compensation is paid, as a way of making the compensation just. This accords with a long line of pertinent jurisprudence,^[23] whereby the Court has imposed interest at 12% per annum in eminent domain whenever the expropriator has not immediately delivered the just compensation.

WHEREFORE, we DENY the petition for review on certiorari filed by Philippine Export Zone Authority, and AFFIRM the decision promulgated by the Court of Appeals on April 20, 2009, subject to the MODIFICATION that the legal interest chargeable on the unpaid just compensation for Lot 1406-B is 12% per annum reckoned from August 23, 1993 on the unpaid gross value of P81,331,600.00 for Lot 1406-B.

This decision is immediately final and executory, and no further pleadings shall be allowed.

The petitioner shall pay the costs of suit.

SO ORDERED.

Corona, C.J., (Chairperson), Leonardo-De Castro, Del Castillo, and Villarama, Jr., JJ., concur.

[1] Rollo, pp. 33-52; penned by Associate Justice Romeo F. Barza, and concurred in by Associate Justice Bienvenido L. Reyes and Associate Justice Arcangelita M. Romilla-Lontok (retired).

[2] *Id.*, pp. 54-55.

[3] *Id.*, pp. 62-70.

[4] *Id.*, pp. 74-81.

[5] *Id.*, pp. 150-199.

[6] 349 SCRA 240.

[7] *Id.*, p. 258.

[8] Rollo, pp. 62-70.

[9] *Supra*, note 1.

[10] Rollo, p. 23.

[11] *Id.*, p. 310.

[12] The word cash was erroneously used.

[13] *Estate of Salud Jimenez v. Philippine Export Processing Zone*, *supra*, note 6, p. 259.

[14] *Vios, et al. v. Pantangco, Jr.*, G.R. No. 163103, February 6, 2009, 578 SCRA 129; citing *Bañes v. Lutheran Church in the Philippines* G.R. No. 142308, November 15, 2005, 475 SCRA 13, 30-31; *United Overseas Bank of the Philippines v. Rose Moor Mining and Development Corporation*, G.R. No. 172651, October 2, 2007, 534 SCRA 528, 542-543; citing *Padillo v. Court of Appeals*, G.R. No. 119707, November 29, 2001, 371 SCRA 27, 41-43.

[15] *Vios v. Pantangco, Jr.*, G.R. No. 163103, February 6, 2009, 578 SCRA 129.

[16] *People v. Pinuila*, 103 Phil. 992, 999 (1958).

[17] *Supra*, note 3.

[18] *Supra*, note 1.

[19] G.R. No. 164195, October 12, 2010, 632 SCRA 727.

[20] *Republic v. Court of Appeals*, G.R. No. 146587, July 2, 2002, 383 SCRA 611, where the Court opines:

The constitutional limitation of "just compensation" is considered to be the sum equivalent to the market value of the property, broadly described to be the price fixed by the seller in open market in the usual and ordinary course of legal action and competition or the fair value of the property as between one who receives, and one who desires to sell, it fixed at the time of the actual taking by the government. Thus, if property is taken for public use before compensation is deposited with the court having jurisdiction over the case, the final compensation must include interests on its just value to be computed from the time the property is taken to the time when compensation is actually paid or deposited with the court. In fine, between the taking of the property and the actual payment, legal interests accrue in order to place the owner in a position as good as (but not better than) the position he was in before the taking occurred.

[21] G.R. No. L-77765, August 15, 1988, 164 SCRA 393, 401.

[22] See note 6 at pp. 264-265.

[23] *Apo Fruits Corporation v. Land Bank of the Philippines*, G.R. No. 164195, October 12, 2010, 632 SCRA 727; *Curata v. Philippine Ports Authority*, G.R. No. 154211-12, June 22, 2009, 590 SCRA 214; *Philippine Ports Authority v. Rosales-Bondoc*, G.R. No. 173392, August 24, 2007, 531 SCRA 198; *Land Bank v. Imperial*, G.R. No. 157753, February 12, 2007, 515 SCRA 449; *Republic v. Court of Appeals*, G.R. No. 147245, March 31, 2005, 454 SCRA 516; *Land Bank v. Wycoco*, G.R. No. 140160, January 13, 2004, 419 SCRA 67; *Reyes v. National Housing Authority*, G.R. No. 147511, January 20, 2003, 395 SCRA 494; *Republic v. Court of Appeals*, G.R. No. 146587, July 2, 2002, 383 SCRA 611; *Eastern Shipping Lines, Inc. v. Court of Appeals*, G.R. No. 97412, July 12, 1994, 234 SCRA 78.

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