

NATIONAL POWER CORPORATION, PETITIONER, VS. SPOUSES BERNARDO AND MINDALUZ SALUDAES, RESPONDENTS.*G.R. No. 189127. April 25, 2012*

Ponente: SERENO, J.

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This Rule 45 Petition questions the 21 July 2009 Decision of the Court of Appeals (CA),^[1] which affirmed the 10 September 2002 Decision of the Regional Trial Court (RTC),^[2] Branch 31, Tagum City. The RTC had ruled that respondent spouses are entitled to P4,920,750 as just compensation for the exercise of the power of eminent domain by petitioner National Power Corporation (NAPOCOR).

Sometime in the 1970s, NAPOCOR constructed high-tension transmission lines to implement the Davao-Manat 138 KV Transmission Line Project.^[3] These transmission lines traversed a 12,060-square meter portion of a parcel of agricultural land covered by Transfer Certificate of Title (TCT) No. T-15343 and owned by Esperanza Pereyras, Marciano Pereyras, Laureano Pereyras and Mindaluz Pereyras.

In 1981, NAPOCOR commenced expropriation proceedings covering TCT No. T-15343 in *National Power Corporation v. Esperanza Pereyras, Marciano Pereyras, Laureano Pereyras and Mindaluz Pereyras*.^[4] These proceedings culminated in a final Decision ordering it to pay the amount of P300,000 as just compensation for the affected property.^[5]

The trial court issued an Order^[6] subrogating Tahanan Realty Development Corporation to the rights of the defendants in *National Power Corporation v. Pereyras*. Pursuant to this Order, NAPOCOR paid the corporation the judgment award of P300,000^[7] and Tahanan Realty Development Corporation executed a Deed of Absolute Sale in favor of the former.^[8] This Deed covered Lot 481-B, Psd-11012718, which was a portion of Lot 481, Cad. 276 of Barrio Magugpo, Municipality of Tagum, Davao.^[9]

Respondent Spouses Bernardo and Mindaluz Pereyras-Saludaes are registered owners of a 6,561-square-meter parcel of land covered by TCT No. T-109865,^[10] more particularly described as follows:

A parcel of land (Lot 15, Pcs-11-000704, Amd.), being a portion of Lots 481-D, Psd-11-012718; 480-B, Psd-51550; H-148559 & 463-A-2 (LRC) Psd-150796, situated in the Barrio of Magugpo, Mun. of Tagum, Province of Davao, Island of Mindanao. x x x^[11]

On 19 August 1999, respondents filed the instant Complaint against NAPOCOR and demanded the payment of just compensation. They alleged that it had entered and occupied their property by erecting high-tension transmission lines therein and failed to reasonably compensate them for the intrusion.^[12]

Petitioner averred that it already paid just compensation for the establishment of the transmission lines by virtue of its compliance with the final and executory Decision in *National Power Corporation v. Pereyras*. Furthermore, assuming that respondent spouses had not yet received adequate compensation for the intrusion upon their property, NAPOCOR argued that a claim for just compensation and damages may only be filed within five years

from the date of installation of the transmission lines pursuant to the provisions of Republic Act (R.A.) No. 6395.[13]

Pretrial terminated without the parties having entered into a compromise agreement.[14] Thereafter, the court appointed Lydia Gonzales and Wilfredo Silawan as Commissioners for the purpose of determining the valuation of the subject land.[15] NAPOCOR recommended Loreto Monteposo as the third Commissioner,[16] but later clarified that its conformity to the appointment of commissioners was only for the purpose of determining the exact portion of the subject land, and that it was not admitting its liability to pay just compensation.[17]

After the proceedings, the Commissioners recommended the amount of ₱750 per square meter as the current and fair market value of the subject property based on the Schedule of Market Values of Real Properties within the City of Tagum effective in the year 2000.[18]

Trial on the merits ensued. On 10 September 2002, the Court rendered judgment in favor of respondent spouses, the dispositive portion of which reads:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiffs, and against the defendant-National Power Corporation, ordering the latter to pay the plaintiffs the Just Compensation as herein fixed which they claimed for the use, occupation and utilization of their land from which it benefited and profited since January 1982, as follows:

First: To pay plaintiff Spouses Bernardo and Mindaluz Saldares as just compensation of their 6,561 square meters, more or less, titled land covered by TCT No. T-109865 of the Registry of Deeds of Davao del Norte hereby fixed in the amount of FOUR MILLION NINE HUNDRED TWENTY THOUSAND SEVEN HUNDRED FIFTY (P4,920,750.00) PESOS, Philippine Currency, plus interest at the rate of 12% per annum reckoned from January 01, 1982, until said amount is fully paid, or deposited in Court;

Second: To pay plaintiffs-spouses Bernardo and Mindaluz Saldares attorney's fees of Fifty Thousand (P50,000.00) Pesos, Philippine Currency, plus appearance fee of P2,000.00 per appearance and litigation expenses which shall be supported in a Bill of Costs to be submitted for the Court's approval;

Third. – To pay the costs of the suit.

Fourth. – For utter lack of merit, the counterclaim is dismissed.

SO ORDERED.[19]

NAPOCOR appealed the trial court's Decision to the CA.[20] After a review of the respective parties' Briefs, the appellate court rendered the assailed Decision on 21 July 2009, denying NAPOCOR's appeal and affirming the trial court's Decision, but reducing the rate of interest to 6% per annum.[21]

Aggrieved, petitioner then filed the instant Rule 45 Petition before this Court.

The Issues

The pivotal issues as distilled from the pleadings are as follows:

- Whether NAPOCOR has previously compensated the spouses for establishing high-tension transmission lines over their property;
- Whether the demand for payment of just compensation has already prescribed;
- Whether petitioner is liable for only ten percent of the fair market value of the property or for the full value thereof; and

- Whether the trial court properly awarded the amount of ₱4,920,750 as just compensation, based on the Approved Schedule of Market Values for Real Property in Tagum City for the Year 2000.

The Court's Ruling

We uphold the Decisions of the CA and the RTC.

I

NAPOCOR failed to prove that it had adequately compensated respondents for the establishment of high tension transmission lines over their property

NAPOCOR argues that the parcel of land involved in the instant Petition had already been expropriated in *National Power Corporation v. Pereyras*.^[22] In support of this argument, it alleges that one of the sources of the spouses' TCT No. T-109865 is TCT No. 39660; and that TCT No. 39660 is a transfer from TCT No. T-15343, the subject land in *National Power Corporation v. Pereyras*.^[23] Thus, having paid just compensation to Tahanan Realty Development Corporation, the successor-in-interest of defendants Pereyras in the aforementioned case, petitioner submits that it should no longer be made to pay just compensation in the present case.

We disagree.

While it is true that respondent spouses' TCT No. T-109865 was indeed indirectly sourced from TCT No. T-15343, the CA correctly ruled that NAPOCOR failed to prove that the lands involved in *National Power Corporation v. Pereyras* and in the instant Petition are identical. One cannot infer that the subject lands in both cases are the same, based on the fact that one of the source titles of TCT No. T-109865 happens to be TCT No. T-38660, and that TCT No. T-38660 itself was derived from T-15343.

Furthermore, the evidence before us supports respondent spouses' contention that the lands involved in both cases are different. *National Power Corporation v. Pereyras* involved Lot 481-B, Psd-11012718, which was a portion of Lot 481, Cad. 276 of Barrio Magugpo, Municipality of Tagum, Davao.^[24] On the other hand, the instant Petition involves Lot 15, Pcs-11-000704, Amd., which is a portion of Lots 481-D, Psd-11-012718; 480-B, Psd-51550; H-148559 and 463-A-2 (LRC), Psd-150796, in Barrio Magugpo, Municipality of Tagum, Davao. Clearly, these lots refer to different parcels of land.^[25]

We rule, therefore, that NAPOCOR failed to prove its previous payment of just compensation for its expropriation of the land in question.

II

The demand for payment of just compensation
has not prescribed

Petitioner maintains that, in the event respondent spouses have not been adequately compensated for the entry into their property, their claim for just compensation would have already prescribed,^[26] pursuant to Section 3 (i) of R.A. No. 6395, as amended by Presidential Decrees Nos. 380, 395, 758, 938, 1360 and 1443. This provision empowers the NAPOCOR to do as follows:

x x x [E]nter upon private property in the lawful performance or prosecution of its business or purposes, including the construction of the transmission lines thereon; Provided, that the owner of such private property shall be paid the just compensation therefor in accordance with the provisions hereinafter provided; Provided, further, that any action by any person claiming compensation and/or damages shall be filed within five (5) years after the right-of-way, transmission lines, substations, plants or other facilities shall have been established; Provided, finally, that after the said period no suit shall be brought to question the said right-of-way, transmission lines, substations, plants or other facilities nor the amounts of compensation and/or damages involved. (Emphasis supplied.)

NAPOCOR's reliance on this provision is misplaced.

The right to recover just compensation is enshrined in no less than our Bill of Rights, which states in clear and categorical language that “[p]rivate property shall not be taken for public use without just compensation.”[27] This constitutional mandate cannot be defeated by statutory prescription.[28] Thus, we have ruled that the prescriptive period under Section 3 (i) of R.A. No. 6395 does not extend to an action to recover just compensation.[29] It would be a confiscatory act on the part of the government to take the property of respondent spouses for a public purpose and deprive them of their right to just compensation, solely because they failed to institute inverse condemnation proceedings within five years from the time the transmission lines were constructed. To begin with, it was not the duty of respondent spouses to demand for just compensation. Rather, it was the duty of NAPOCOR to institute eminent domain proceedings before occupying their property. In the normal course of events, before the expropriating power enters a private property, it must first file an action for eminent domain[30] and deposit with the authorized government depository an amount equivalent to the assessed value of the property.[31] Due to its omission, however, respondents were constrained to file inverse condemnation proceedings to demand the payment of just compensation before the trial court. We therefore rule that NAPOCOR cannot invoke the statutory prescriptive period to defeat respondent spouses' constitutional right to just compensation.

III

NAPOCOR is liable to pay the full market value of the affected property

NAPOCOR submits that it should pay for only ten percent (10%) of the fair market value of the landowners' property because, under its Charter,[32] it is only authorized to acquire easements of right-of-way over agricultural lands.[33]

Petitioner's arguments fail to convince.

We have ruled that “when petitioner takes private property to construct transmission lines, it is liable to pay the full market value upon proper determination by the courts.”[34]

In *National Power Corporation v. Gutierrez*,[35] the petitioner likewise argued that it should only be made to pay easement fees instead of the full market value of the land traversed by its transmission lines. In striking down its argument and ruling that the property owners were entitled to the full market value of the land in question, we ruled:

x x x While it is true that plaintiff [is] only after a right-of-way easement, it nevertheless perpetually deprives defendants of their proprietary rights as manifested by the imposition by the plaintiff upon defendants that below said transmission lines no plant higher than three (3) meters is allowed. Furthermore, because of the high-tension current conveyed through said transmission lines, danger to life and limbs that may be caused beneath said wires cannot altogether be discounted, and to cap it all, plaintiff only pays the fee to defendants once, while the latter shall continually pay the taxes due on said affected portion of their property.[36]

Similarly, in this case, while respondent spouses could still utilize the area beneath NAPOCOR's transmission lines provided that the plants to be introduced underneath would not exceed three meters,[37] danger is posed to the lives and limbs of respondents' farm workers, such that the property is no longer suitable for agricultural production.[38] Considering the nature and effect of the Davao-Manat 138 KV transmission lines, the limitation imposed by NAPOCOR perpetually deprives respondents of the ordinary use of their land.

Moreover, we have ruled that Section 3A of R.A. No. 6395, as amended, is not binding upon this Court.[39]

“[T]he determination of just compensation in eminent domain cases is a judicial function and . . . any valuation for just compensation laid down in the statutes may serve only as a guiding principle or one of the factors in determining just compensation but it may not substitute the court's own judgment as to what amount should be awarded and how to arrive at such amount.”[40]

We therefore rule that NAPOCOR is liable to pay respondents the full market value of the affected property as determined by the court a quo.

IV

The trial court did not err in awarding just compensation based on the Approved Schedule of Market Values for Real Property for the Year 2000

As its final argument, petitioner contends that the amount of just compensation fixed by the trial court is unjust, unlawful and contrary to existing jurisprudence, because just compensation in expropriation cases must be determined from the time of the filing of the complaint or the time of taking of the subject property, whichever came first.[41] It therefore posits that since the taking of the property happened in the 1970s, the trial court erred in fixing the amount of just compensation with reference to real property market values in the year 2000.[42]

Petitioner's contention holds no water.

We have ruled in *National Power Corporation v. Heirs of Macabangkit Sangkay*[43] that the reckoning value of just compensation is that prevailing at the time of the filing of the inverse condemnation proceedings for the following reason:

[c]ompensation that is reckoned on the market value prevailing at the time either when NPC entered x x x would not be just, for it would compound the gross unfairness already caused to the owners by NPC's entering without the intention of formally expropriating the land x x x. NPC's entry denied elementary due process of law to the owners since then until the

owners commenced the inverse condemnation proceedings. The Court is more concerned with the necessity to prevent NPC from unjustly profiting from its deliberate acts of denying due process of law to the owners. As a measure of simple justice and ordinary fairness to them, therefore, reckoning just compensation on the value at the time the owners commenced these inverse condemnation proceedings is entirely warranted.

Indeed, respondent spouses would be deprived of their right to just compensation if the value of the property is pegged back to its value in the 1970s. To reiterate, NAPOCOR should have instituted eminent domain proceedings before it occupied respondent spouses' property. Because it failed to comply with this duty, respondent spouses were constrained to file the instant Complaint for just compensation before the trial court. From the 1970s until the present, they were deprived of just compensation, while NAPOCOR continuously burdened their property with its transmission lines. This Court cannot allow petitioner to profit from its failure to comply with the mandate of the law. We therefore rule that, to adequately compensate respondent spouses from the decades of burden on their property, NAPOCOR should be made to pay the value of the property at the time of the filing of the instant Complaint when respondent spouses made a judicial demand for just compensation.

WHEREFORE, premises considered, the instant Petition for Review is DENIED, and the Decision of the Court of Appeals in CA-G.R. CV No. 81098 dated 21 July 2009 is AFFIRMED.

SO ORDERED.

Carpio, (Chairperson), Brion, Perez, and Reyes, JJ., concur.

[1] Court of Appeals (CA) Decision dated 21 July 2009, penned by Associate Justice Romulo V. Borja and concurred in by Associate Justices Jane Aurora C. Lantion and Edgardo T. Lloren, rollo, pp. 39-59.

[2] Regional Trial Court (RTC) Decision dated 10 September 2002, penned by Judge Erasto D. Salcedo, id. at 60-113.

[3] Petition for Review on Certiorari dated 25 September 2009, id. at 10.

[4] Special Civil Case No. 135, RTC, Branch II, Tagum City.

[5] Answer dated 27 October 1999, records, pp. 40-41.

[6] Order dated 15 February 1990, id. at 26.

[7] Disbursement Voucher, id. at 27.

[8] Deed of Absolute Sale dated 30 March 1990, id. at 28.

[9] Id.

[10] Complaint dated 21 July 1999, id. at 1.

[11] Transfer Certificate of Title No. T-109065, id. at 5.

[12] Supra note 10 at 1-3.

[13] Supra note 5.

[14] Order dated 6 June 2000, records, p. 75.

[15] Order dated 27 July 2000, id. at 83.

[16] Manifestation/Compliance dated 31 July 2000, id. at 85.

[17] Comment (to the Order dated 27 July 2000) dated 11 August 2000, id. at 90.

[18] Commissioner's Report dated 14 November 2000, id. at 106-110.

[19] RTC Decision dated 10 September 2002, pp. 52-53; records, pp. 270-271.

[20] Notice of Appeal dated 11 October 2002, records, p. 285.

[21] CA Decision dated 21 July 2009, p. 21; CA rollo, p. 169.

[22] Supra note 3 at 20.

[23] Id. at 21.

[24] Supra note 8.

[25] Supra note 11.

[26] Supra note 3 at 22-26.

[27] Constitution, Article III, Section 9.

[28] NAPOCOR v. Heirs of Macabangkit Sangkay, G.R. No. 165828, 24 August 2011.

[29] Id.

[30] Rules of Court, Rule 67, Section 1.

[31] Rules of Court, Rule 67, Section 2.

[32] The pertinent provision of Republic Act No. 6395, as amended, reads:

SECTION 3A. In acquiring private property or private property rights through expropriation proceedings where the land or portion thereof will be traversed by the transmission lines, only a right-of-way easement thereon shall be acquired when the principal purpose for which such land is actually devoted will not be impaired x x x.

In determining the just compensation of the property or property sought to be acquired through expropriation proceedings, the same shall —

x x x x x x x x

(b) With respect to the acquired right-of-way easement over the land or portion thereof, not to exceed ten percent (10%) of the market value declared by the owner or administrator or anyone having legal interest in the property, or such market value as determined by the assessor whichever is lower.

[33] Supra note 3 at 29-30.

[34] National Power Corporation v. Ong Co, G.R. No. 166973, 10 February 2009, 578 SCRA 234, 245.

[35] 271 Phil. 1 (1991).

[36] Id. at 6.

[37] TSN, 12 December 2001, p. 9.

[38] Appellee's Brief dated 23 February 2005, CA rollo, p. 37.

[39] National Power Corporation v. Tuazon, G.R. No. 193023, 29 June 2011, 653 SCRA 84.

[40] National Power Corporation v. Bagui, G.R. No. 164964, 17 October 2008, 569 SCRA 401, 410.

[41] Rules of Court, Rule 67, Section 4.

[42] Supra note 3 at 27-28.

[43] Supra note 28.

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