LAND BANK OF THE PHILIPPINES, PETITIONER, VS. SPOUSES PLACIDO AND CLARA DY ORILLA, RESPONDENTS.

G.R. No. 194168. February 13, 2013

Ponente: PERALTA, J.

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PERALTA, J.:

This is a petition for review on certiorari assailing the Decision[1] dated April 17, 2009 of the Court of Appeals (CA) in CA-G.R. CV No. 70071, and the Resolution[2] dated September 30, 2010 denying petitioner's Motion for Partial Reconsideration.[3]

The factual and procedural antecedents are undisputed:

Respondents spouses Placido and Clara Orilla (respondents) were the owners of a parcel of land situated in Bohol, identified as Lot No. 1, 11-12706, containing an area of 23.3416 hectares and covered by Transfer Certificate of Title No. 18401. In the latter part of November 1996, the Department of Agrarian Reform Provincial Agrarian Reform Office (DAR-PARO) of Bohol sent respondents a Notice of Land Valuation and Acquisition dated November 15, 1996 informing them of the compulsory acquisition of 21.1289 hectares of their landholdings pursuant to the Comprehensive Agrarian Reform Law (Republic Act [RA] 6657) for P371,154.99 as compensation based on the valuation made by petitioner Land Bank of the Philippines (LBP).[4]

However, respondents rejected the said valuation. Consequently, a summary hearing was conducted by the Provincial Department of Agrarian Reform Adjudication Board (Provincial DARAB) to determine the amount of just compensation. After the proceedings, the Provincial DARAB affirmed the valuation made by the petitioner.[5]

Not content with the decision, respondents filed an action for the determination of just compensation before the Regional Trial Court of Tagbilaran City sitting as a Special Agrarian Court (SAC). The case was docketed as Civil Case No. 6085 and was raffled to Branch 3.

After trial on the merits, the SAC rendered a Decision dated November 20, 2000, the dispositive portion of which reads:

> WHEREFORE, judgment is hereby rendered fixing the just compensation of the land of petitioner subject matter of the instant action at P7.00 per square meter, as only prayed for, which shall earn legal interest from the filing of the complaint until the same shall have been fully paid. Furthermore, respondents are hereby ordered to jointly and solidarily indemnify the petitioners their expenses for attorney's fee and contract fee in the conduct of the appraisal of the land by a duly licensed real estate appraiser Angelo G. Fajardo of which petitioner shall submit a bill of costs therefor for the approval of the Court.
>
> SO ORDERED.[6]

On December 11, 2000, petitioner filed a Notice of Appeal. Subsequently, on December 15, 2000, respondents filed a Motion for Execution Pending Appeal, pursuant to Section 2, Rule 39 of the 1997 Rules of Civil Procedure

and the consolidated cases of Landbank of the Philippines v. Court of Appeals, et al.[7] and Department of Agrarian Reform v. Court of Appeals, et al.[8] Respondents argued that the total amount of P1,479,023.00, which is equivalent to P7.00 per square meter for 21.1289 hectares, adjudged by the SAC as just compensation, could then be withdrawn under the authority of the aforementioned case.[9]

On December 21, 2000, the SAC issued an Order granting the Motion for Execution Pending Appeal, the dispositive of which reads:

> WHEREFORE, the herein motion is granted and the petitioners are hereby ordered to post bond equivalent to one-half of the amount due them by virtue of the decision in this case. The respondent Land Bank of the Philippines, is therefore, ordered to immediately deposit with any accessible bank, as may be designated by respondent DAR, in cash or in any governmental financial instrument the total amount due the petitioner-spouses as may be computed within the parameters of Sec. 18(1) of RA 6657. Furthermore, pursuant to the Supreme Court decisions in "Landbank of the Philippines vs. Court of Appeals, et al." G.R. No. 118712, promulgated on October 6, 1995 and "Department of Agrarian Reform vs. Court of Appeals, et al.," G.R. No. 118745, promulgated on October 6, 1995, the petitioners may withdraw the same for their use and benefit consequent to their right of ownership thereof.[10]

On December 25, 2000, respondents filed a Motion for Partial Reconsideration of the amount of the bond to be posted, but it was later denied in an Order dated January 11, 2001.[11]

For its part, petitioner filed a Motion for Reconsideration, which was likewise denied in an Order dated December 29, 2000.[12]

On March 13, 2001, petitioner filed with the CA a special civil action for certiorari and prohibition under Rule 65 of the Rules of Court with prayer for issuance of a temporary restraining order and/or preliminary injunction. It questioned the propriety of the SAC Order granting the execution pending appeal.[13]

In its Decision dated July 29, 2002, the CA dismissed the petition on the ground that the assailed SAC Order dated December 21, 2000 granting execution pending appeal was consistent with justice, fairness, and equity, as respondents had been deprived of the use and possession of their property, pursuant to RA 6657 and are entitled to be immediately compensated with the amount as determined by the SAC under the principle of "prompt payment" of just compensation. Petitioner filed a Motion for Reconsideration, but it was denied.[14]

Petitioner then sought recourse before this Court in a petition docketed as G.R. No. 157206. After due proceedings, this Court rendered a Decision[15] dated June 27, 2008, affirming the decision of the CA. The decretal portion reads:

> WHEREFORE, the Decision of the Court of Appeals, dated July 29, 2002, is AFFIRMED.[16]

Petitioner filed a Motion for Reconsideration, but was denied with finality by the Court.

Meanwhile, in CA-G.R. CV No. 70071, the CA rendered a Decision[17] dated April 17, 2009, granting the appeal filed by the petitioner. The dispositive portion reads:

> WHEREFORE, premises considered, the instant appeal is GRANTED. The assailed decision of the Regional Trial Court sitting as Special Agrarian Court is hereby SET ASIDE.
>
> This case is REMANDED to the trial court for the proper determination of just compensation for the land taken.
>
> SO ORDERED.[18]

The CA held that there was no valid and sufficient legal basis for the SAC in fixing the just compensation for the

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subject property at P1,479,023.00. Thus, the CA remanded the case to the SAC for the proper determination of just compensation.

In disposing the case, the CA also took into consideration the Motion for Execution Pending Appeal that was granted earlier by the SAC and affirmed by the CA and this Court, to wit:

> Finally, the petitioners-appellees filed a Manifestation for Early Resolution before this Court revealing that the petitioners-appellees filed before the SAC a motion for execution pending appeal which was granted. This Court affirmed the decision of the SAC. Ultimately, the Supreme Court affirmed the decision of the Court of Appeals. Therefore, should the SAC find upon recomputation that the just compensation previously rendered is bigger than the recomputed value, the petitioners-appellees are ordered to return the excess considering that payment may already have been given by LBP in pursuant to the finality of the motion for execution pending appeal.[19]

Unsatisfied, petitioner filed a Motion for Partial Reconsideration.[20] Petitioner argued that when the CA set aside the valuation of the SAC amounting to P1,479,023.00, it necessarily follows that said amount can no longer be the subject of an execution pending appeal. Petitioner theorized that by annulling the SAC decision and, consequently, remanding the case to the trial court, the latter's decision was voided and, therefore, it could no longer be executed.

On September 30, 2010, the CA issued a Resolution[21] denying the motion. The CA held that the issue of the validity of the writ of execution was already resolved by the Supreme Court with finality in G.R. No. 157206. That was precisely the reason why it stated in the decision that "should the SAC find upon recomputation that the just compensation previously rendered is bigger than the recomputed value, the petitioners-appellees are ordered to return the excess, considering that payment may already have been given by the LBP in pursuant to the finality of the motion for execution pending appeal."[22]

Hence, the petition assigning the lone error:

> THE HONORABLE COURT OF APPEALS COMMITTED A SERIOUS ERROR OF LAW IN HOLDING THAT THE TRIAL COURT'S DECISION, WHICH WAS ANNULLED AND SET ASIDE, CAN STILL BE THE SUBJECT OF EXECUTION.[23]

Petitioner argues that when the CA set aside the valuation of the SAC, it necessarily means that such valuation can no longer be the subject of an execution pending appeal. It adds that the writ of execution ordering the LBP to pay respondents the amount of P1,479,023.00 remains unimplemented as of the time the CA rendered the decision annulling the aforesaid valuation.

Petitioner posits that once a decision is annulled or set aside, it is rendered without legal effect for being a void judgment. Petitioner maintains that while the issue of the validity of the writ of execution issued by the SAC had been upheld by this Court in G.R. No. 157206, the enforcement of the writ had been rendered moot and academic after the decision of the SAC was reversed and set aside by the CA.

On their part, respondents contend that having attained finality, the decision of this Court in G.R. No. 157206 could no longer be disturbed. Moreover, the reason advanced by the CA in denying the motion for partial reconsideration was merely an affirmation of the decision of this Court in the said case.

The petition is without merit.

At the onset, it should be noted that although this Court, in Land Bank of the Philippines v. Orilla,[24] held that the SAC validly issued the Order granting execution pending appeal in the exercise of its sound discretion in issuing the same according to the Rules, still what this Court deemed was justified in that particular case was the

propriety of the issuance of the said Order and not the amount of monetary award that respondents were entitled which, in turn, corresponds to the valuation of the subject property as determined by the SAC in its Decision. Thus, this Court stated in the said case that "[w]hile this decision does not finally resolve the propriety of the determination of just compensation by the SAC in view of the separate appeal on the matter, we find no grave abuse of discretion on the part of the SAC Judge in allowing execution pending appeal."[25]

Anent the present controversy, in its Decision annulling the SAC valuation, the CA opined:

> x x x In granting the award, the SAC merely granted the amount prayed for by the spouses and did not provide any computation or explanation on how it arrived at the amount. There was therefore no valid and sufficient legal basis for the award.[26]

The CA, therefore, concluded that there was no sufficient legal basis for the valuation arrived at by the SAC in the amount of P1,479,023.00. In fine, the CA effectively set aside and voided the Decision of the RTC fixing the amount of just compensation for the subject property. As correctly argued by petitioner, being the fruit of a void judgment such amount cannot be the proper subject of the Order granting the motion for execution pending appeal issued by the SAC.

A void judgment or order has no legal and binding effect, force or efficacy for any purpose. In contemplation of law, it is non-existent. Such judgment or order may be resisted in any action or proceeding whenever it is involved. It is not even necessary to take any steps to vacate or avoid a void judgment or final order; it may simply be ignored.[27]

In Metropolitan Waterworks & Sewerage System v. Sison,[28] this Court held that:

> x x x "[A] void judgment is not entitled to the respect accorded to a valid judgment, but may be entirely disregarded or declared inoperative by any tribunal in which effect is sought to be given to it. It is attended by none of the consequences of a valid adjudication. It has no legal or binding effect or efficacy for any purpose or at any place. It cannot affect, impair or create rights. It is not entitled to enforcement and is, ordinarily, no protection to those who seek to enforce. All proceedings founded on the void judgment are themselves regarded as invalid. In other words, a void judgment is regarded as a nullity, and the situation is the same as it would be if there were no judgments. It, accordingly, leaves the parties litigants in the same position they were in before the trial."[29]

Accordingly, a void judgment is no judgment at all. It cannot be the source of any right nor of any obligation. All acts performed pursuant to it and all claims emanating from it have no legal effect. Hence, it can never become final, and any writ of execution based on it is void: "x x x it may be said to be a lawless thing which can be treated as an outlaw and slain at sight, or ignored wherever and whenever it exhibits its head."[30]

As correctly maintained by petitioner, since the valuation made by the SAC in its Decision dated November 20, 2000 having been annulled by the CA for its lack of sufficient and legal basis, the void judgment can never be validly executed.

Nevertheless, it must be pointed out that the situation contemplated by the CA in the assailed Decision was one wherein payment has already been made by petitioner to the respondents during the pendency of the appeal. Nowhere in the disquisition of the CA can it be inferred that it is enjoining the LBP to enforce the writ of execution in accordance with the valuation made by the SAC. On the contrary, the CA respected the finality of the motion for execution pending appeal should the same have already been enforced. As pronounced by the CA:

> x x x Therefore, should the SAC find upon computation that the just compensation previously rendered is bigger than the recomputed value, the petitioners-appellees are ordered to return the excess considering that payment may already have been given by LBP in pursuant to the finality of the motion for execution pending

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appeal.[31]

Verily, it appears that the writ of execution pending appeal remains unimplemented as of the time the CA rendered its decision annulling the valuation made by the SAC. The monetary award having emanated from a void valuation, it follows that the writ of execution pending appeal cannot be properly implemented. As contemplated by the CA, the situation would have been different if the writ was already enforced during the pendency of the appeal, for at that time the writ could still be validly enforced since the valuation made by the SAC still stands. Necessarily, as directed by the CA, any excess amount paid to respondents should be returned to petitioner.

Nonetheless, the amount of P371,154.99 representing the compensation offered by the petitioner for the land taken, can still be properly awarded to respondents in accordance with Land Bank of the Philippines v. Court of Appeals.[32] In the said case, the Court allowed the release of the offered compensation to the landowner pending the determination of the final valuation of their properties. The Court opined that:

> We are not persuaded. As an exercise of police power, the expropriation of private property under the CARP puts the landowner, and not the government, in a situation where the odds are already stacked against his favor. He has no recourse but to allow it. His only consolation is that he can negotiate for the amount of compensation to be paid for the expropriated property. As expected, the landowner will exercise this right to the hilt, but subject however to the limitation that he can only be entitled to a "just compensation." Clearly therefore, by rejecting and disputing the valuation of the DAR, the landowner is merely exercising his right to seek just compensation. If we are to affirm the withholding of the release of the offered compensation despite depriving the landowner of the possession and use of his property, we are in effect penalizing the latter for simply exercising a right afforded to him by law.[33]

Of course, this is without prejudice to the outcome of the case which was remanded to the SAC for recomputation of just compensation. Should the SAC find the said valuation too low and determine a higher valuation for the subject property, petitioner should pay respondents the difference. Conversely, should the SAC determine that the valuation was too high, respondents should return the excess. To be sure, the concept of just compensation embraces not only the correct determination of the amount to be paid to the owners of the land, but also payment within a reasonable time from its taking. Without prompt payment, compensation cannot be considered “just” inasmuch as the property owner is made to suffer the consequences of being immediately deprived of his land while being made to wait for a decade or more before actually receiving the amount necessary to cope with his loss.[34]

WHEREFORE, subject to the foregoing disquisitions, the Decision and Resolution of the Court of Appeals, dated April 17, 2009 and September 30, 2010, respectively, in CA-G.R. CV No. 70071, are AFFIRMED. Petitioner Land Bank of the Philippines is ORDERED to release the amount of P371,154.99 to respondents spouses Placido and Clara Orilla, without prejudice to the recomputation of the just compensation for the subject land by the Regional Trial Court.

SO ORDERED.

Velasco, Jr., (Chairperson), Abad, Mendoza, and Leonen, JJ., conucur.

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[1] Penned by Associate Justice Francisco P. Acosta, with Associate Justices Amy C. Lazaro-Javier and Rodil V. Zalameda, concurring; rollo, pp. 32-47.

[2] Rollo, pp. 48-52.

[3] Id. at 53-59.

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[4] Land Bank of the Philippines v. Orilla, G.R. No. 157206, June 27, 2008, 556 SCRA 102, 107.

[5] Id.

[6] Id. at 108.

[7] G.R. No. 118712 and 118745, July 5, 1996, 258 SCRA 404; 327 Phil. 1047 (1996).

[8] G.R. No. 118712 and 118745, October 6, 1995 49 SCRA 149; 319 Phil. 246 (1995).

[9] Land Bank of the Philippines v. Orilla, supra note 4, at 108.

[10] Id. at 109.

[11] Id.

[12] Id.

[13] Id.

[14] Id. at 110.

[15] Land Bank of the Philippines v. Orilla, supra note 4.

[16] Id. at 119.

[17] Rollo, pp. 32-47.

[18] Id. at 46-47. (Emphasis in the original).

[19] Id. at 46.

[20] Id. at 53-63.

[21] Id. at 48-52.

[22] Id. at 51.

[23] Id. at 21.

[24] Supra note 4.

[25] Id. at 118.

[26] Rollo, p. 43.

[27] Guevarra v. Sandiganbayan, Fourth Division, G.R. Nos. 138792-804, March 31, 2005, 454 SCRA 372, 382-383; 494 Phil. 378, 388 (2005).

[28] No. L-40309, August 31, 1983, 124 SCRA 394; 209 Phil. 325 (1983).

[29] Id. at 404, citing 31 Am Jur., 91-92; at 335-336.

[30] Nazareno v. Court of Appeals, G.R. No. 111610, February 27, 2002, 378 SCRA 28; 428 Phil. 32, 42 (2002).

[31] Rollo, p. 46. (Emphasis supplied)

[32] Supra note 7.

[33] Id. at 408; 1053.

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[34] Apo Fruits Corporation v. Court of Appeals, G.R. No. 164195, February 6, 2007, 514 SCRA 537, 557-558.

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