

FORFOM DEVELOPMENT CORPORATION, PETITIONER, VS. PHILIPPINE NATIONAL RAILWAYS, RESPONDENT.

G.R. No. 227432. June 30, 2020

Ponente: LAZARO-JAVIER, J.

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LAZARO-JAVIER, J.:

The Case

In G.R. No. 124795 entitled *Forfom Development Corporation v. Philippine National Railway*,^[1] the Court rendered its Decision dated December 10, 2008, among others, directing respondent Philippine National Railways (PNR) to institute the appropriate expropriation case on subject lots for the purpose of determining just compensation therefor, thus:

WHEREFORE, the instant petition is PARTIALLY DENIED insofar as it denies Forfom Development Corporation's prayer for recovery of possession (in whole or in part) of the subject land, unearned income, and rentals. The petition is PARTIALLY GRANTED in that attorney's fees and litigation expenses in the amounts of P100,000.00 and P50,000.00, respectively, are awarded. The Philippine National Railways is DIRECTED to forthwith institute the appropriate expropriation action over the land in question, so that just compensation due to its owner may be determined in accordance with the Rules of Court, with interest at the legal rate of six (6%) percent per annum from the time of taking until full payment is made. As to the claim for the alleged damaged crops, evidence of the same, if any, may be presented before the expropriation court. No costs.

SO ORDERED. (Emphasis supplied)

Following its finality, the PNR initiated the complaint for expropriation, entitled *Philippine National Railways v. Forfom Development Corporation*, and docketed as Civil Case No. SPL-1542-10. It sought to expropriate subject lots owned by Forfom Development Corporation for the PNR's San Pedro-Carmona Commuter Line Project.^[2]

The case was raffled to Regional Trial Court - Branch 93 San Pedro, Laguna.

On April 8, 2011, Forfom filed its Comment^[3] praying for the dismissal of the case.

Around the same time, Forfom filed with this Court a Motion to Show Cause dated March 29, 2011 in connection with G.R. No. 124795. Forfom asserted that the PNR should be cited for contempt for: (1) not disclosing to the Court that it (PNR) had already abandoned the railway system for which the supposed complaint for expropriation was sought to be filed; (2) delaying the filing the expropriation case; and (3) leasing out subject properties to private individuals *ultra vires*.^[4]

On May 18, 2011, Forfom also filed with the trial court its Answer with prayer for injunction^[5] seeking anew the dismissal of the case, with damages. On June 1, 2011, Forfom moved to set its affirmative defenses for hearing.^[6] The trial court denied the motion and set the case for preliminary conference and pre-trial in its Order dated December 12, 2011.

Prior to the preliminary conference, Forfom filed a motion for production or inspection^[7] of the following

documents:

- Plans for the use or rehabilitation of the railroad tracks involving the subject properties, including its funding requirements;
- Demand letters from PNR to the squatters to remove their structures along the railroad tracks;
- PNR rules and regulations prohibiting structures along the railroad tracks; and
- Proof of posting 10% deposit to Forfom.

Again, the trial court denied the motion under Order dated February 27, 2012.

Meanwhile, the trial court issued Pre-Trial Order dated February 9, 2012[8] which bore, among others, the issues, as stipulated by the parties, viz.:

x x x x x x x x

ISSUES

The amount of just compensation which in this case should be reckoned from January 1973 as ruled by the Supreme Court in the case of Forfom Development Corp. vs. Phil. National Railways, G.R. No. 124795;

How much should the herein defendant-landowner be compensated for the taking of the property way back in 1972;

May a petition for expropriation proceed or prosper without the requisite deposit of 10 percent of the value of the property seized;

May the land owner be compensated for the improvements, income from the existing crops then growing on the property seized;

Is the PNR from the time of the filing of the present petition up to the present capable of rehabilitating the railroad tracks which it had installed and had already removed from the premises.

Is the presence of squatters along the railroad tracks a physical improbability to the alleged rehabilitation of the line between San Pedro and San Jose GMA.

x x x x x x x x

On April 18, 2012, Forfom again moved to dismiss[9] the Complaint, this time, citing as ground the failure of the PNR and the Office of the Solicitor General (OSG) to appear during hearings scheduled on March and April, 2012. The OSG opposed the motion, asserting that said hearings were actually reset because of its intention to file a motion to modify the Pre-Trial Order.

The OSG then filed its Omnibus Motion dated April 22, 2012,[10] asking to modify the Pre-Trial Order to conform with the Decision dated December 10, 2008 in G.R. No. 124795. The OSG asserted that the issues to be resolved in the case below should be limited to the determination of amount of just compensation as of the time of taking in 1973 and the amount of damages for the improvement that were destroyed. The OSG also prayed that the trial court issued the order of expropriation and appoint the members of the Board of Commissioners pursuant to Sections 4 and 5 of the Rules of Court.

From its end, Forfom filed its Omnibus Motion[11] to (1) order PNR to desist from leasing out subject lots, (2) allow Forfom to file its supplemental answer with 3[rd] party complaint and (3) direct 3[rd] party defendants to show cause why they should not be cited for contempt for leasing out these lots.

Under Order dated June 11, 2012, the trial court denied the motion to dismiss for failure to prosecute.

In another Order dated March 18, 2013, the trial court denied Forfom's omnibus motion on ground that the issues raised therein were already passed upon with finality in G.R. No. 124795. On the other hand, the trial court granted OSG's motion to modify the pre-trial order pertaining to the limited issues to be resolved and to reckon the date of taking from January 1973. It further pronounced that the PNR is authorized to take the lots for public purpose upon payment of just compensation and that members of the Board of Commissioners will be appointed as soon as the parties shall have submitted their proposed names to the court.

Under Order dated June 24, 2013, Forfom's motion for reconsideration was denied for lack of merit.

Forfom went to the Court of Appeals via CA-G.R. SP. No. 131316 against the trial court's Orders dated December 12, 2011, February 27, 2012, June 11, 2012, March 18, 2013 and June 24, 2013.

While CA-G.R. SP. No. 131316 was pending, this Court issued Resolution dated July 1, 2015 in G.R. No. 124795 finding the concerned PNR officials guilty of indirect contempt for delaying the filing of the expropriation case for eighteen (18) months and for their failure to inform the Court that the PNR had already removed the railroad tracks along the entire San Pedro-Carmona line before it could even file the expropriation case. Taking notice of these supervening events, the Court resolved to modify its Decision dated December 10, 2008, thus:

x x x x x x x x

WHEREFORE, the President and the General Manager of PNR are hereby found GUILTY of INDIRECT CONTEMPT. The FINE of P30,000.00 is imposed on each of them, payable in full within five (5) days from receipt of this resolution. The December 10, 2008 Decision in G.R. No. 124795 is hereby MODIFIED, in that the Presiding Judge of Branch 93 of the Regional Trial Court of San Pedro, Laguna, is DIRECTED to resolve the public purpose aspect of the expropriation case docketed as Civil Case No. SPL-1542-10.

SO ORDERED. (Emphasis supplied)

The Court of Appeals' Ruling

Back to CA-G.R. SP. No. 131316, the Court of Appeals dismissed the petition per Decision dated February 9, 2016. It ruled that the trial court's Orders dated December 12, 2011, February 27, 2012, and June 11, 2012 may no longer be assailed beyond the sixty-day reglementary period.

As for the Order dated March 18, 2013, the Court of Appeals found that the same was timely assailed and the issues pertaining to the alleged unlawful taking, necessity of expropriation, PNR's ultra vires act in leasing out portions of the property, rentals, and just compensation were already raised and passed upon with finality in G.R. No. 124795, hence, the same issues may no longer be revived. On the other hand, the issues on the supposed illegal taking and leasing out of the lots should remain with the trial court for resolution.

In its motion for reconsideration, Forfom invoked the Resolution dated July 1, 2015 in G.R. No. 124795 modifying the Decision dated December 10, 2008 and directing the trial court to resolve not only the issue of just compensation but also the issue of whether indeed the taking of the lots is for public purpose. Once again, Forfom brings to the Court's attention that in April 2010, before the expropriation case could even be initiated, the PNR had already removed the train tracks along the entire San Pedro-Carmona Line Project. Hence, since the construction of this Project had already been abandoned, the expropriation of subject lots for this supposed public purpose should be dismissed.

The Court of Appeals denied Forfom's motion for reconsideration under Resolution dated September 21, 2016.

The Present Petition

Forfom now asks the Court to exercise its discretionary appellate jurisdiction to review and reverse the assailed dispositions of the Court of Appeals. It seeks to: (1) order the PNR to refrain from leasing out subject lots and to turn over its rent collections to Forfom; (2) reverse the trial court's order denying the motion for production of document; (3) by leave of court, to file a third-party complaint and; (4) direct the trial court to act on the expropriation case, with dispatch.

Ruling

The Court of Appeals correctly dismissed the petition for certiorari in CA-G.R. SP. No. 131316 insofar as it assailed the trial court's Orders dated December 12, 2011, February 27, 2012 and June 11, 2012 not only because Forfom failed to seek a reconsideration thereof but most important because the sixty (60) day period for Forfom to file the aforesaid petition had already lapsed.

Regarding the Orders dated March 18, 2013 and June 24, 2013 denying the motions for leave to file supplemental answer with third party complaint and to cite the third party complainants for contempt, respectively, we also sustain the Court of Appeals disposition, viz.:

The case had already entered into pre-trial and was set for reception of evidence; hence, the filing of a supplemental answer with third party complaint was out of time and would, undoubtedly, result in unduly delaying the proceedings. x x x

As for the citation for contempt, petitioner's omnibus motion did not comply with the requisites of Section 4 (second paragraph), Rule 71, Rules of Court x x x.[12]

With respect, however, to the existence of public purpose for which the expropriation is being sought, the authority of the PNR to lease out subject lots, the right to recover from PNR the rentals on lots belonging to Forfom, and the amount of just compensation due to Forfom over the affected lots, we rule that these are live and real issues pending with the trial court which it is mandated to resolve pursuant to the Court's Resolution dated July 1, 2015, viz.:

x x x x x x x x

The Court reiterates that the primary reason behind the rule on estoppel against the owner is public necessity, to prevent loss and inconvenience to passengers and shippers using the line. Therefore, if the property is no longer being used as a railway, no irreparable injury will be caused to PNR and the public in general if Forfom regained possession of its property. In such case, Forfom would no longer be precluded from challenging the expropriation proceedings. Preventing Forfom from challenging the expropriation case and allowing PNR to expropriate the property without a public purpose would be highly unjust and violative of the Constitution requiring that property be "taken for public use." [13] (Emphasis supplied)

In fine, the expropriation case requires the resolution of the following issues, viz.: as threshold issue, the determination of the public purpose of the expropriation proceedings, the alleged right, if any, of PNR to lease out the affected properties and collect rentals from the lessees concerned vis-a-vis the alleged right of the owners to demand the turnover to them of the rental collections. The trial court should conduct a hearing on these issues and resolve the same, with utmost dispatch. So must it be.

WHEREFORE, the petition is **PARTLY GRANTED**.

The Decision dated February 9, 2016 and Resolution dated September 21, 2016 of the Court of Appeals in CA-G.R. SP. No. 131316 are **AFFIRMED** with **MODIFICATION**. The Regional Trial Court - Branch 93 San Pedro, Laguna is **DIRECTED** to conduct a hearing on the issues heretofore stated and resolve the same, with utmost dispatch.

SO ORDERED.

Peralta, C.J. (Chairperson), Caguioa, J. Reyes, Jr., and Lopez, JJ., concur.

[1] Penned by Associate Justice Minita V. Chico-Nazario and concurred in by Associate Justices Consuelo M. Ynares-Santiago, Alicia M. Austria-Martinez, Antonio Eduardo B. Nachura, and Bienvenido L. Reyes.

[2] Rollo, pp. 186-193.

[3] Id. at 194-202.

[4] Id. at 110.

[5] Id. at 203-230.

[6] Id. at 252-257.

[7] Id. at 258-262.

[8] Id. at 263-264.

[9] Id. at 265-269.

[10] Id. at 270-278.

[11] Id. at 288-297.

[12] Id. at 73.

[13] Id. at 115.

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