

**PATROCINIO, ADORACION, ARTURO, CONSTANCIA AND PEPITA, ALL
SURNAMED SANTULAN, AND MINORS JOCELYN, ROSAURO AND
ROBERTO, ALL SURNAMED SANTULAN, REPRESENTED BY THEIR
GUARDIAN AD LIT...**

G.R. No. 59664. December 26, 1984

Ponente: AQUINO J.

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AQUINO J.:

This case is about the collection of legal interest on the sum of P30,000 as the value of improvements on a foreshore land, which interest was not included in this Court's decision of December 15, 1977 in *Santulan vs. Executive Secretary*, L-28021, 80 SCRA 548.

In that decision this Court affirmed the order of the Undersecretary of Agriculture and Natural Resources dated December 14, 1954 which gave due course to the lease application of Julian Santulan provided that he reimbursed Antonio Lusin the appraised value of the existing improvements (pp. 574-5,80 SCRA).

When the case was remanded to the trial court, Judge Fule in his order of September 2, 1981 directed the heirs of Santulan to reimburse the heirs of Lusin the sum of P30,000 as the value of the improvements "with legal interest" from 1955 until paid. He affirmed said order in his order of January 13, 1982. Santulan's heirs appealed under Republic Act No. 5440 from the order imposing 6% legal interest.

We hold that the order is devoid of legal basis. It is obviously not sanctioned by article 2209 of the Civil Code which provides that "if the obligation consists in the payment of a sum of money, and the debtor incurs in delay, the indemnity for damages, there being no stipulation to the contrary, shall be the payment of the interest agreed upon, and in the absence of stipulation, the legal interest, which is six percent per annum."

Santulan's obligation to reimburse Lusin the value of his improvements was intended to avoid unjust enrichment. Interest was not demanded by Lusin when the case was pending in the administrative agencies and in the courts. This Court's final judgment, which is the law of the case, did not provide for interest. There is no reason for the trial court to add interest to the judgment. See *Cariaga vs. Laguna Tayabas Bus Co.*, 114 Phil. 1219.

The exaction of interest is not only illegal. It is also manifestly unjust under the facts of this protracted controversy. Lusin and his heirs have received the fruits of the disputed land since they have been in possession thereof. As noted in *Trillana vs. Ma-nansala*, 96 Phil. 865, no interest is to be satisfied because the fruits gathered by the possessor are considered as interest.

WHEREFORE, the orders in question are modified and the imposition of legal interest on the amount to be reimbursed to the heirs of Lusin is reversed and set aside. Costs against respondents Lusin.

SO ORDERED.

Makasiar (Chairman), Concepcion, Jr., Abad Santos, Escolin, and Cuevas, JJ., concur.

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