

DAVAO FRUITS CORPORATION, PETITIONER, VS. LAND BANK OF THE PHILIPPINES, RESPONDENT.

G.R. Nos. 181566 and 181570. March 09, 2011

Ponente: CARPIO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-nos-181566/>

CARPIO, J.:

The Case

This petition for review[1] assails the 28 August 2007 Consolidated Decision[2] and 17 December 2007 Resolution[3] of the Court of Appeals in CA-G.R. SP Nos. 75473 and 01008. In the 28 August 2007 Consolidated Decision, the Court of Appeals (1) set aside the 26 December 2002[4] and 28 January 2003 Orders[5] of the Regional Trial Court, Tagum City, Davao del Norte (Branch 2), sitting as Special Agrarian Court (SAC) and remanded the case to the SAC for trial on the merits; and (2) denied the contempt petition filed by petitioner Davao Fruits Corporation against Land Bank of the Philippines and its counsel. The 17 December 2007 Resolution denied the motion for reconsideration.

The Antecedents

Davao Fruits Corporation (DFC) owns a bamboo plantation consisting of ten (10) parcels of land with a total area of 101.4416 hectares located in Montevista, Province of Compostela Valley.[6] DFC voluntarily offered such lands for sale to the government under Republic Act No. (RA) 6657 or the Comprehensive Agrarian Reform Law of 1988 at not less than P300,000 per hectare or P30,432,480 for the entire property.

After DFC's submission of the transfer certificates of title covering the lands and other documents, the Department of Agrarian Reform (DAR) initiated the survey, subdivision, and cancellation of the individual titles in favor of the government.

Land Bank of the Philippines (LBP) is a government banking institution designated under Section 64[7] of RA 6657 as the financial intermediary of the agrarian reform program of the government. The DAR and LBP computed the value of the property at P4,055,402.85 for 101.4416 hectares.[8]

DFC rejected the valuation. Consequently, the Provincial Agrarian Reform Officer of Davao del Norte referred the issue on just compensation to the Department of Agrarian Reform Adjudication Board (DARAB), Office of the Regional Adjudicator for summary administrative proceedings.

During the proceedings, it was established that of 101.4416 hectares only 92.0625 hectares were planted with bamboo and the rest (9.371 hectares) was brush land. In his Decision of 26 April 2002,[9] DARAB Regional Adjudicator Norberto P. Sinsona fixed the price of the bamboo area at P300,000 per hectare because it was DFC's quoted price. For the brush land, the DARAB Regional Adjudicator fixed the value at P17,154.30 per hectare. Both DFC and LBP moved for reconsideration, which the DARAB Regional Adjudicator denied in an Order dated 30 September 2002.[10]

On 11 October 2002, LBP filed a petition^[11] for the fixing of just compensation with the Regional Trial Court of Tagum City, Davao del Norte (Branch 2) sitting as SAC.

DFC moved to dismiss the petition,^[12] arguing among others that LBP has no authority to sue on behalf of the Republic of the Philippines and question the valuation made by the DAR. LBP opposed the motion to dismiss.^[13]

In an Order dated 26 December 2002, the SAC dismissed LBP's petition, reasoning that:

It appears that the two agencies do not work in harmony with each other because the petitioner questions the decision of an agency, which is also under the umbrella of the PARC. The lack of coordination between the two (2) agencies, which may frustrate the implementation program of the government, sends a wrong message to landowners and CARP beneficiaries. It could have been more logical if the landowners were the ones questioning the decision of the DAR Adjudicator. To say the least, the intention of the petition is to delay payment of just compensation, which has been properly adjudicated by the DAR Adjudicator.^[14]

In an Order dated 28 January 2003,^[15] the SAC denied LBP's motion for reconsideration.

On 11 February 2003, LBP filed a petition for review with the Court of Appeals,^[16] docketed as CA-G.R. SP No. 75473, questioning the dismissal of its petition before the SAC. This case was consolidated with CA-G.R. SP No. 01008 involving a petition filed by DFC to cite LBP and its counsel in contempt for LBP's alleged violation of the rule against forum-shopping.

In its 28 August 2007 Consolidated Decision, the Court of Appeals set aside the SAC's dismissal of LBP's petition for determination of just compensation and at the same time denied the contempt petition against LBP and its counsel. The dispositive portion of the Court of Appeals' decision reads:

WHEREFORE, premises considered, the Petition for Review (CA-G.R. SP No. 75473) is GRANTED. The assailed December 26, 2002 and January 28, 2003 Orders of the Special Agrarian Court are hereby SET ASIDE. Let this case be REMANDED to the Special Agrarian Court for trial on the merits.

The Petition to Cite Petitioner Land Bank of the Philippines and Counsel Danilo B. Beramo in Contempt of Court (CA-G.R. SP No. 01008) is DENIED and ordered DISMISSED.

SO ORDERED.^[17]

In its 17 December 2007 Resolution, the Court of Appeals denied reconsideration.

Hence, DFC filed the instant petition assailing only the Court of Appeals' ruling in CA-G.R. SP No. 75473, and not the portion dismissing the contempt petition subject of CA-G.R. SP No. 01008.

The Court of Appeals' Ruling

The Court of Appeals found no factual basis to support SAC's ruling that the conflicting views of the LBP and the DAR on the value of compensation "may frustrate the implementation of agrarian reform" and that the filing of the petition was intended to delay payment of just compensation. Further, the Court of Appeals rejected DFC's contention that LBP has no personality to sue and question the valuation fixed by the RARAD. The Court of Appeals cited Section 74 of RA 3844^[18] and Section 64 of RA 6657^[19] and the case of *Gabatin v. LBP*^[20] in pointing out that LBP has the personality to file a petition for fixing of just compensation.

The Issue

The sole issue in this case is whether the LBP has the personality to file a petition for determination of just compensation before the SAC.

The Court's Ruling

The petition lacks merit.

DFC contends that in filing the petition for determination of just compensation, "the LBP acted as the expropriator [and] the dispenser of police power which are the sovereign powers of the State." DFC argues that the LBP has no authority to file an action for determination of just compensation "much less for the purpose of invalidating the finding of [the DAR] tasked to determine the initial valuation of lands covered by land reform."

We disagree.

The LBP is an agency created primarily to provide financial support in all phases of agrarian reform pursuant to Section 74 of RA 3844 or the Agricultural Reform Code and Section 64 of RA 6657 or the Comprehensive Agrarian Reform Law of 1988.[21] These provisions respectively state:

Section 74. Creation - To finance the acquisition by the Government of landed estates for division and resale to small landholders, as well as the purchase of the landholding by the agricultural lessee from the landowner, there is hereby established a body corporate to be known as the "Land Bank of the Philippines", hereinafter called the "Bank", which shall have its principal place of business in Manila. x x x

SEC. 64. Financial intermediary for the CARP.---The Land Bank of the Philippines shall be the financial intermediary for the CARP, and shall insure that the social justice objectives of the CARP shall enjoy a preference among its priorities.

We stated in *Heirs of Roque F. Tabuena v. Land Bank of the Philippines*[22] that "once an expropriation proceeding for the acquisition of private agricultural lands is commenced by the DAR, the indispensable role of LBP begins." [23] In *Heirs of Lorenzo and Carmen Vidad v. Land Bank of the Philippines*, [24] we thoroughly explained the important role of LBP in expropriation proceedings under RA 6657. We held that LBP is not merely a nominal party in the determination of just compensation, but an indispensable participant in such proceedings. As such, LBP possessed the legal personality to institute a petition for determination of just compensation in the SAC. We ruled:

There is likewise no merit in petitioners' allegation that LBP lacks locus standi to file a case with the SAC, separate and independent from the DAR. In *Heirs of Roque F. Tabuena v. Land Bank of the Philippines*, we ruled that the LBP is an indispensable party in expropriation proceedings under RA 6657, and thus, has the legal personality to question the determination of just compensation, independent of the DAR. x x x

LBP is an agency created primarily to provide financial support in all phases of agrarian reform pursuant to Section 74 of Republic Act (RA) No. 3844 and Section 64 of RA No. 6657. It is vested with the primary responsibility and authority in the valuation and compensation of covered landholdings to carry out the full implementation of the Agrarian Reform Program. It may agree with the DAR and the land owner as to the amount of just compensation to be paid to the latter and may also disagree with them and bring the matter to court for judicial determination.

Once an expropriation proceeding for the acquisition of private agricultural lands is commenced by the DAR, the indispensable role of LBP begins, which clearly shows that there would never be a judicial determination of just compensation absent respondent LBP's participation. Logically, it follows that respondent [LBP] is an indispensable party in an action for the determination of just compensation in cases arising from agrarian reform program; as such, it can file an appeal independently of DAR.

x x x

It is evident from the afore-quoted jurisprudence that the role of LBP in the CARP is more than just the

ministerial duty of keeping and disbursing the Agrarian Reform Funds. As the Court had previously declared, the LBP is primarily responsible for the valuation and determination of compensation for all private lands. It has the discretion to approve or reject the land valuation and just compensation for a private agricultural land placed under the CARP. In case the LBP disagrees with the valuation of land and determination of just compensation by a party, the DAR, or even the courts, the LBP not only has the right, but the duty, to challenge the same, by appeal to the Court of Appeals or to this Court, if appropriate.[25] (Emphasis supplied; citations omitted)

It is therefore beyond dispute that LBP has the legal personality to institute the petition for determination of just compensation before the SAC. Hence, the Court of Appeals did not err in setting aside the dismissal of LBP's petition for determination of just compensation and remanding the instant case to the SAC for trial on the merits.

WHEREFORE, we DENY the petition and AFFIRM the 28 August 2007 Consolidated Decision and 17 December 2007 Resolution of the Court of Appeals in CA-G.R. SP Nos. 75473 and 01008.

Costs against petitioner.

SO ORDERED.

Velasco, Jr.,[*] Peralta, Abad, and Mendoza, JJ., concur.

[*] Designated additional member per Special Order No. 933 dated 24 January 2011.

[1] Under Rule 45 of the Rules of Court.

[2] Rollo, pp. 7-21. Penned by Associate Justice Teresita Dy-Liacco Flores with Associate Justices Rodrigo F. Lim, Jr. and Michael P. Elbinias concurring.

[3] Id. at 23-25.

[4] Id. at 174. Penned by Acting Presiding Judge Erasto D. Salcedo.

[5] Id. at 193-194. Penned by Acting Presiding Judge Erasto D. Salcedo.

[6] Covered by the following certificates of title: T-35846 (New Visayas), T-40570 (Tagbanao), T- 40835 (Linoan), T-35850 (Linoan), T-35851 (Linoan), T-35849 (Linoan), T-35852 (Linoan), T- 35848 (Linoan), T-35847 (Linoan), and T-40836 (Bankerohan).

[7] This provision states:

SEC. 64. Financial intermediary for the CARP.---The Land Bank of the Philippines shall be the financial intermediary for the CARP, and shall insure that the social justice objectives of the CARP shall enjoy a preference among its priorities.

[8] Rollo, p. 8.

[9] Id. at 103-106.

[10] Id. at 156-159.

[11] Id. at 160-164.

[12] Id. at 165-169.

[13] Id. at 171-173.

[14] Id. at 174.

[15] Id. at 193-194.

[16] Id. at 12.

[17] Id. at 21.

[18] Otherwise known as Agricultural Land Reform Code. Section 74 thereof provides:

Section 74. Creation - To finance the acquisition by the Government of landed estates for division and resale to small landholders, as well as the purchase of the landholding by the agricultural lessee from the landowner, there is hereby established a body corporate to be known as the "Land Bank of the Philippines", hereinafter called the "Bank", which shall have its principal place of business in Manila. The legal existence of the Bank shall be for a period of fifty years counting from the date of the approval hereof. The Bank shall be subject to such rules and regulations as the Central Bank may from time to time promulgate.

[19] This provision states:

SEC. 64. Financial intermediary for the CARP.---The Land Bank of the Philippines shall be the financial intermediary for the CARP, and shall insure that the social justice objectives of the CARP shall enjoy a Preference among its priorities.

[20] 486 Phil. 366 (2004). In this case, the Court held that "there would never be a judicial determination of just compensation absent respondent Land Bank's participation. Logically, it follows that respondent [Land Bank] is an indispensable party in an action for the determination of just compensation in cases arising from agrarian reform program."

[21] Heirs of Roque F. Tabuena v. Land Bank of the Philippines, G.R. No. 180557, 26 September 2008, 566 SCRA 557, 565-566.

[22] Id. at 566.

[23] Id.

[24] G.R. No. 166461, 30 April 2010, 619 SCRA 609.

[25] Id. at 631-634.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.