

FIRST DIVISION

[G.R. No. 211576, February 19, 2020]

**REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS (DPWH),
PETITIONER, VS. JULIANA SAN MIGUEL VDA. DE RAMOS,
SPOUSES GREGORIA RAMOS AND ALEJANDRO SANCHEZ,
VICTORINO DE LEON, JOSEFINA DE LEON, DIONISIO DE LEON,
FELICITAS DE LEON, PATROCINIA DE LEON, SPS. ANA MARIA C.
DE LEON AND JAIME DE GUZMAN, SPS. EUGENIA DE LEON AND
OSCAR MAGALANG, AND SPS. CONDRADO DE LEON AND BENITA
CORPUZ, RESPONDENTS.**

D E C I S I O N

CAGUIOA, J:

Before the Court is a Petition for Review on *Certiorari*^[1] (Petition) under Rule 45 of the Rules of Court filed by petitioner Republic of the Philippines (petitioner Republic), represented by the Department of Public Works and Highways (DPWH), through the Office of the Solicitor General (OSG), against respondents Juliana San Miguel Vda. De Ramos, Sps. Gregoria Ramos and Alejandro Sanchez, Josefina De Leon, Dionisio De Leon, Felicitas De Leon, Victorino De Leon, Patrocinia De Leon, Sps. Ana Maria C. De Leon and Jaime De Guzman, Sps. Eugenia De Leon and Oscar Magalang, and Sps. Condrado De Leon and Benita Corpuz (collectively, the respondents), assailing the Decision^[2] dated December 5, 2013 (assailed Decision) and Order^[3] dated February 28, 2014 (assailed Order) rendered by the Regional Trial Court of Valenzuela City, Branch 270 (RTC) in Civil Case No. 161-V-10.

The Essential Facts and Antecedent Proceedings

As culled from the recital of facts in the assailed Decision, the essential facts and antecedent proceedings are as follows:

In relation to the construction of the North Luzon Expressway (NLEX) - Harbor Link Project (Segment 9) from NLEX to MacArthur Highway, Valenzuela City, petitioner Republic, as represented by the DPWH, sought to acquire the respondents' private property located at Brgy. Gen. T. De Leon, Valenzuela City (subject property). The subject property is covered by Transfer Certificate of Title (TCT) No. V-11191 (subject TCT) registered under the names of the respondents.

As indicated in the assailed Decision, the subject property is described as follows:

TCT No.	Affected Area	Zonal Value per square meter (sq. m.)	Zonal Value
V-11191	218 sq. m.	P2,100.00	P457,800.00 ^[4]

Petitioner Republic offered to purchase the subject property for an amount based on the Schedule of Zonal Valuation issued by the Bureau of Internal Revenue (BIR), *i.e.*, P2,100.00 per square meter or P457,800.00. The offer was rejected by the respondents.

Hence, on October 20, 2010, petitioner Republic filed an action for expropriation (Expropriation Complaint) before the RTC to expropriate the subject property by virtue of Republic Act No. (RA) 8974.^[5]

Afterwards, petitioner Republic paid a deposit representing the 100% zonal value of the subject property to the respondents. The respondents duly acknowledged the receipt of the said deposit.^[6] Subsequently, in an Order^[7] dated March 16, 2011, the RTC issued a Writ of Possession in favor of petitioner Republic.

Finding that petitioner Republic has a lawful right to take the subject property, on March 17, 2011, the RTC issued an Order of Expropriation.^[8]

Pursuant to Section 5, Rule 67 of the Rules of Court, the RTC issued an Order^[9] dated March 28, 2011 constituting a Board of Commissioners (BOC).^[10]

Owing to the failure of the BOC to submit its Report for a considerable length of time, the RTC, in an Order^[11] dated July 22, 2011, revoked the appointment of the members of the BOC and directed the parties to submit their respective position papers, attaching thereto all the supporting documents.

On September 5, 2011, petitioner Republic filed its Position Paper.^[12] During the course of the hearing, petitioner Republic presented two witnesses, *i.e.*, Associate Solicitor Romino G. Arzadon and Narciso V. Rico. On October 28, 2011, petitioner Republic filed its Formal Offer of Evidence,^[13] which was admitted by the RTC in its Order^[14] dated November 11, 2011.

For their part, the respondents filed their Position Paper ^[15] dated November 11, 2011.

Upon the motion of the respondents' counsel who desired to submit a Memorandum instead of presenting witnesses, the RTC, in an Order^[16] dated March 30, 2012, allowed the parties to file their respective Memoranda.

On May 14, 2012, petitioner Republic filed its Memorandum.^[17] On the other hand, despite the lapse of a long period of time, the respondents failed to file their Memorandum. Hence, the case was submitted for decision based on the evidence at hand.^[18]

The Ruling of the RTC

In the assailed Decision, the RTC found that "[b]ased on the evidence on records, specifically the current zonal valuation issued by the [BIR], it is clearly established that the amount of [P]2,100.00 per square meter or the total amount of [P]457,800.00 is a just compensation for the subject property with an area of 218 square meters."^[19]

With respect to the respondents' position, the RTC held that "aside from the asseveration of the [respondents] that the current fair market value of the subject property is [P]7,000.00 per square meter, x x x [the respondents] failed to adduce evidence to support the same."^[20]

Hence, the RTC ruled that "it is but just, fair, and equitable that the just compensation for the [respondents'] property, subject of the instant expropriation, be fixed at [P]2,100.00 per square meter."^[21]

The dispositive portion of the assailed Decision reads:

With the foregoing determination of just compensation, judgment is hereby rendered as follows:

- 1) Declaring plaintiff to have lawful right to acquire possession of and title to 218 square meters of defendants Juliana San Miguel Vda. De Ramos, Sps. Gregoria Ramos and Alejandro Sanchez, Josefina De Leon, Dionisio De Leon, Felicitas De Leon, Victorino De Leon, Patrocinia De Leon, Sps. Ana Maria C. De Leon and Jaime De Guzman, Sps. Eugenia De Leon and Oscar Magalang, and Sps. Condrado De Leon and Benita Corpuz['s] parcel of land covered by TCT V-11191 necessary for the construction of the NLEX - Harbor Link Project (Segment 9) from NLEX to MacArthur Highway, Valenzuela City;
- 2) Ordering the plaintiff to pay the said defendants the amount of [P]2,100.00 per square meter or the sum of Four Hundred Fifty Seven Thousand Eight Hundred Pesos ([P]457,800.00) for the 218 square meters as fair, equitable and just compensation with legal interest at 12% [*per annum*] from the taking of the possession of the property, subject to the payment of all unpaid real property taxes and other relevant taxes, if there be any;
- 3) Plaintiff is likewise ordered to pay the defendants consequential damages which shall include the value of the transfer tax necessary for the transfer of the subject property from the name of the defendants to that of the plaintiff and attorney's fees in the amount of 10% of defendants' total claim for just compensation but not less than [P]30,000.00;
- 4) The Office of the Register of Deeds of Valenzuela City, Metro Manila is directed to annotate this Decision in Transfer Certificate of Title No. V-11191 registered under the name of defendants Juliana San Miguel Vda. De Ramos, Sps. Gregoria Ramos and Alejandro Sanchez, Josefina De Leon, Dionisio De Leon, Felicitas De Leon, Victorino De Leon, Patrocinia De Leon, Sps. Ana Maria C. De Leon and Jaime De Guzman, Sps. Eugenia De Leon and Oscar Magalang, and Sps. Condrado De Leon and Benita Corpuz.

Let a certified true copy of this decision be recorded in the Registry of Deeds of Valenzuela City.

SO ORDERED.^[22]

The respondents did not question the RTC's determination of the amount of just compensation. For their part, petitioner Republic filed a Motion for Partial Reconsideration dated January 2, 2014, arguing that the RTC committed an error in imposing interest on the payment of just compensation and imposing consequential damages.

In its Order dated February 28, 2014, the RTC partially granted petitioner Republic's Motion for Partial Reconsideration, decreasing the legal interest from 12% to 6% *per annum*.

The dispositive portion of the aforementioned Order reads:

WHEREFORE, premises considered, the Motion for Partial Reconsideration (of the Decision dated 5 December 2013) filed by the plaintiff is hereby granted. Accordingly, the legal interest in the assailed Decision dated November 25, 2013 is reduced from 12% to 6% [*per annum*].

SO ORDERED.^[23]

Unsatisfied, petitioner Republic filed the instant Petition directly before the Court on pure questions of law under Rule 45 of the Rules of Court.

The respondents filed their Comment^[24] dated March 24, 2015, maintaining that they are entitled to legal interest and consequential damages. Petitioner Republic filed its Reply^[25] dated October 2, 2015, restating its position that the RTC erred in imposing legal interest and consequential damages.

Issues

In the instant Petition, petitioner Republic posits two issues: (1) whether the RTC erred in ruling that the respondents are entitled to legal interest of 6% *per annum* on the amount of just compensation; and (2) whether the RTC erred in requiring petitioner Republic to pay consequential damages.

The Court's Ruling

The instant Petition is *partly meritorious*.

The respondents are not entitled to legal interest on the amount of just compensation.

The Court finds that the RTC erred in ordering petitioner Republic to pay legal interest on the amount of just compensation.

In *Evergreen Manufacturing Corp. v. Republic*,^[26] citing *Apo Fruus Corporation v. Land Bank of the Philippines*,^[27] the Court explained that "the rationale for imposing interest on just compensation is to compensate the property owners for the income that they would have made if they had been properly compensated — meaning if

they had been paid the full amount of just compensation — at the time of taking when they were deprived of their property."^[28]

In the instant case, however, it is not disputed whatsoever that the respondents received the amount determined by the RTC as the just, fair, and equitable compensation for the subject property, *i.e.*, P2,100.00 per sq. m. or P457,800.00, before petitioner Republic took possession of the subject property. Otherwise stated, there was full and prompt payment of just compensation at the time of taking.

Hence, with the respondents having acknowledged the receipt of the full amount of just compensation even prior to the time of taking, petition Republic is not liable for the payment of legal interest. The award of legal interest of 6% *per annum* must be deleted.

The respondents are not entitled to consequential damages.

In the assailed Decision, the RTC deemed it fair and equitable to award consequential damages in favor of the respondents.^[29] The consequential damages awarded by the RTC include the value of the transfer taxes necessary to transfer the subject property to the name of petitioner Republic.

Rule 67 of the Rules of Court governs expropriation proceedings. With respect to consequential damages, Section 6 of Rule 67 states:

Section 6. *Proceedings by commissioners.* — Before entering upon the performance of their duties, the commissioners shall take and subscribe an oath that they will faithfully perform their duties as commissioners, which oath shall be filed in court with the other proceedings in the case. Evidence may be introduced by either party before the commissioners who are authorized to administer oaths on hearings before them, and the commissioners shall, unless the parties consent to the contrary, after due notice to the parties to attend, view and examine the property sought to be expropriated and its surroundings, and may measure the same, after which either party may, by himself or counsel, argue the case. **The commissioners shall assess the consequential damages to the property not taken and deduct from such consequential damages the consequential benefits to be derived by the owner from the public use or purpose of the property taken, the operation of its franchise by the corporation or the carrying on of the business of the corporation or person taking the property.** But in no case shall the consequential benefits assessed exceed the consequential damages assessed, or the owner be deprived of the actual value of his property so taken. (Emphasis supplied)

In *Republic v. Soriano*,^[30] the Court deemed the award of consequential damages improper because "the subject property is being expropriated in its entirety, there is no remaining portion which may suffer an impairment or decrease in value as a result of the expropriation."^[31] Petitioner Republic chimes in by asserting that the award of consequential damages is inapplicable because "the entire area of respondents' property was expropriated."^[32]