

FIRST DIVISION

[G.R. Nos. 217985-86, March 21, 2018]

APO FRUITS CORPORATION, PETITIONER, V. THE LAND BANK OF THE PHILIPPINES AND DEPARTMENT OF AGRARIAN REFORM, RESPONDENTS.

[G.R. Nos. 218020-21, March 21, 2018]

LAND BANK OF THE PHILIPPINES, PETITIONER, V. APO FRUITS CORPORATION, RESPONDENT.

D E C I S I O N

TIJAM, J.:

Before Us are the separate Petitions for Review on *Certiorari*^[1] filed by Apo Fruits Corporation (Apo) and Land Bank of the Philippines (LBP) assailing the Decision^[2] dated September 25, 2012 and Resolution^[3] dated April 21, 2015 of the Court of Appeals (CA) in CA-G.R. SP No. 00633-MIN and CA-G.R. SP No. 00656-MIN.

The Antecedent Facts

Apo was the registered owner of a 115.2179 hectare land situated in San Isidro, Tagum City, Davao del Norte covered by Transfer Certificate of Title (TCT) No. T-113359 (subject property).^[4]

On October 12, 1995, Apo voluntarily offered to sell the subject property to the government for purposes of the Comprehensive Agrarian Reform Program (CARP). In processing Apo's voluntary offer of sale (VOS) application, the latter was referred to LBP for initial valuation of the subject property.^[5]

On October 16, 1996, Apo received from the Department of Agrarian Reform (DAR) Provincial Agrarian Reform Office (PARO) in Davao a Notice of Land Valuation and Acquisition informing Apo that the value of the subject property was Php 16.5484 per square meter or only for the total amount of Php 165,484.47 per ha.^[6] Finding the said valuation low, Apo rejected the offer.^[7]

Meanwhile, the DAR requested LBP to deposit the amount of Php 3,814,053.53 as initial payment for the subject property, at the rate of Php 3.3102 per sq m.^[8] Thereafter, the PARO directed the Register of Deeds of Tagum City to cancel TCT No. 113359. On December 9, 1996, TCT No. 113359 was cancelled and the subject property was transferred in the name of the Republic of the Philippines. Corollarily, several Certificates of Land Ownership (CLOAs) were issued in favor of farmer-beneficiaries.^[9]

Not satisfied with the valuation of LBP, Apo filed a complaint for determination of just compensation with the Department of Agrarian Reform Adjudication Board (DARAB). Unfortunately, the said case remained pending for almost six (6) years without resolution.^[10]

Apo then filed a Complaint^[11] on June 20, 2002 for determination of just compensation before the Regional Trial Court (RTC) of Tagum City, Branch 2, acting as a special agrarian court (SAC). The said complaint was docketed as Agrarian Case No. 77-2002.^[12]

During the proceedings, the RTC appointed Atty. Susan L. Rivero, Mrs. Lydia Gonzales and Mr. Alfredo Silawan as commissioners to ascertain the just, fair and reasonable value of the subject property.^[13] On April 24, 2004, the commissioners submitted a Report^[14] finding a valuation of Php 134.42 per sq m.^[15] The commissioners relied on its "research gathering of primary data from concerned line agencies, the plaintiff and other sources such as the Tax Declaration, Deeds of Sale of properties found near or adjacent to the properties to be valued."^[16] Further, upon ocular inspection, the commissioners found that the subject property was planted with commercial bamboos.^[17] The commissioners took into consideration the Php 130.00 appraisal of Apo's own assessment done by Cuervo Appraisers Inc. Since the Php 134.42 value determined by the commissioners was even higher than the Php 130.00 valuation of Apo's own appraisers, the commissioners recommended the amount of Php 130.00 per sq m or the amount of Php 149,783,000.00 for the entire 115.2179 has as just compensation.^[18]

Ruling of the RTC

On February 25, 2005, the RTC rendered a Decision^[19] adopting the findings of the commissioners, thus:

WHEREFORE, in view of the foregoing, judgment is hereby rendered in favor of [Apo] and against [DAR and LBP] ordering the latter:

1. To pay[Apo] jointly and severally the just compensation of the land subject of this proceeding in the total amount of One Hundred Forty-Nine Million Seven Hundred Eighty-Three Thousand and 27/100 (P149,783,000.27) Pesos;
2. To pay [Apo] jointly and severally interest on the said amount of P149,783,000.27 based on the interest rate of a 91-day treasury bills from December 9, 1996 until fully paid;
3. To pay the panel of commissioners jointly and severally commissioners' fees at the rate of 2 ½ percent of the total sum of P149,783,000.27 taxed as part of the cost as provided: for in Section 12, Rule 67 of the 1997 Rules of Civil Procedure, as amended;
4. To pay [Apo] jointly and severally the equivalent of 10% of the total amount of P 149,783,000.27 as attorney's fees; and
5. To pay the costs of the suit.

SO ORDERED.^[20]

The separate motions for reconsideration filed by LBP and DAR were denied by the RTC in its Order^[21] dated September 7, 2005.

Ruling of the CA

Aggrieved, LBP and DAR filed separate Petitions for Review before the CA. On September 5, 2006, the CA consolidated the two cases. Thus, on September 25, 2012, the CA rendered a Decision^[22] modifying the RTC decision, the *fallo* thereof reads:

ACCORDINGLY, the petitions for review are DENIED. The February 25, 2005 Decision and September 7, 2005 Resolution of [RTC] are AFFIRMED with MODIFICATIONS. We rule that:

1. The just compensation is set at P103.33 per [sq m]. There shall be 12% interest *per annum* on the unpaid balance of the just compensation, computed from December 9, 1996, the date when the Government took the land, to May 9, 2008, the time when [LBP] paid the balance on the principal amount, following the Supreme Court Decision and Resolution in *Apo Fruits Corporation v. Court of Appeals*, G.R. No. 164195, dated February 6, 2007 and October 12, 2010, respectively;
2. The case is remanded to the [RTC] for the proper determination of commissioners' fees;
3. [LBP] and [DAR] are liable, jointly and severally for attorney's fees equivalent to 10% of the total amount of the just compensation for the 115.2179 [has] of land.
4. Costs against [LBP] and [DAR].

SO ORDERED.^[23]

The motions for reconsideration filed by LBP, DAR and Apo were denied by the CA in its Resolution^[24] dated April 21, 2015.

Hence, the instant petitions.

The Issues

Apo raised the following assignment of errors in its Petition:

- I. WHETHER THE [CA] FAILED TO ACT IN ACCORDANCE WITH LAW AND JURISPRUDENCE WHEN IT DISREGARDED THE PHP 130.00 PER [SQ M]-VALUATION OF THE SUBJECT PROPERTY RECOMMENDED BY THE PANEL OF COMMISSIONERS AND AFFIRMED BY THE [SAC], UNLIKE WHAT THE HONORABLE COURT DID IN THE CASE OF *APO FRUITS CORPORATION VS. COURT OF APPEALS*, G.R. NO. 164195 DATED 06 FEBRUARY 2007 AND 12 OCTOBER 2010 ("G.R. NO. 164195"), WHICH DID NOT DISTURB THE FINDINGS OF THE [SAC] AS TO THE MANNER OF DETERMINING JUST COMPENSATION.

II. WHETHER THE [CA] FAILED TO ACT IN ACCORDANCE WITH LAW AND JURISPRUDENCE WHEN IT ORDERED THAT THE LEGAL INTEREST AT 12% *PER ANNUM* ON THE UNPAID BALANCE OF THE JUST COMPENSATION COMPUTED FROM 09 DECEMBER 1996 (WHEN THE GOVERNMENT TOOK THE SUBJECT PROPERTY) SHOULD END ON 9 MAY 2008, INSTEAD OF CONTINUOUSLY UNTIL FULL PAYMENT SHALL HAVE BEEN MADE BY [LBP].^[25]

For its part, LBP raised the following assignment of errors in its petition:

I. WHETHER THE [CA] FAILED TO EXERCISE ITS POWER TO MAKE AN INDEPENDENT DETERMINATION OF JUST COMPENSATION IN ACCORDANCE WITH THE FACTS, APPLICABLE LAWS, RULES AND JURISPRUDENCE IN THE PRESENT CASE.

II. WHETHER THE [CA] UNNECESSARILY DELAYED THE RESOLUTION OF THE PARTIES' MOTIONS FOR RECONSIDERATION.

III. WHETHER THE [CA] FAILED TO DETERMINE JUST COMPENSATION STRICTLY IN ACCORDANCE WITH THE DAR ADMINISTRATIVE FORMULA AS MANDATED BY JURISPRUDENCE.

IV. WHETHER THE DETERMINATION OF JUST COMPENSATION SHOULD BE BASED PRIMARILY ON ITS PRODUCTION AND PRICE AS AN AGRICULTURAL LAND INSTEAD OF ITS POTENTIAL USE AS RESIDENTIAL OR INDUSTRIAL LAND.

V. WHETHER LBP IS LIABLE FOR THE PAYMENT OF LEGAL INTEREST DESPITE THE DEPOSIT OF THE INITIAL VALUATION AND OBLIGATED TO IMMEDIATELY RELEASE THE VALUATION DETERMINED BY THE COURTS PENDING THE FINAL DETERMINATION OF JUST COMPENSATION.

VI. WHETHER LBP IS LIABLE FOR THE PAYMENT OF ATTORNEY'S FEES, COST OF SUIT AND COMMISSIONER'S FEES.^[26]

Ultimately, the issues to be resolved are 1) whether the CA erred in finding the amount of Php 103.33 per sq m is the just compensation for the subject property contrary to the findings of the commissioners and the RTC, and 2) whether the 12% interest on the unpaid just compensation should be counted from December 9, 1996, the time of the taking until full payment or only until May 9, 2008 as based by the CA in *Apo Fruits Corporation v. CA*, G.R. No. 164195.

Ruling of the Court

"The right of eminent domain is the ultimate right of the sovereign power to appropriate, not only the public but the private property of all citizens within the territorial sovereignty, it public purpose."^[27] There are two mandatory requirements before the government may exercise such right, namely: 1) that it is for a particular public purpose; and (2) that just compensation be paid to the property owner.^[28] "Notably, in agrarian reform cases, the taking of private property for distribution to landless farmers is considered to be one for public use."^[29]

In the case of *National Power Corporation v. Spouses Zabala*,^[30] this Court defined just compensation as:

Just compensation has been defined as "the full and fair equivalent of the property taken from its owner by the expropriator. The measure is not the taker's gain, but the owner's loss. The word 'just' is used to qualify the meaning of the word 'compensation' and to convey thereby the idea that the amount to be tendered for the property to be taken shall be real, substantial, full and ample."^[31]

Further, in *LBP v. Avanceña*,^[32] the Court states that:

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.^[33] (Citations omitted)

Apo argued that while the doctrines of law laid down in the case of *Apo Fruits Corporation v. CA*^[34] are applicable in the instant case, the amount of valuation of the subject property at Php 103.33 per sq m found by this Court in G.R. No. 164195 is not applicable in the present case. The findings of the commissioners, which were considered by the RTC in awarding the just compensation of Php 130.00 per sq m due to Apo was based on evidence and standards imposed by law. Apo further claimed that there is basis to consider the valuation of Php 130.00 per sq m as just compensation since the subject property is almost at the heart of Tagum City.^[35]

On the other hand, LBP also alleged that the Php 103.33 valuation merely copied by the CA in G.R. No. 164195 should not be adopted in the instant case because the properties involved in the earlier case involve banana plantations while the subject property is planted with bamboo.^[36] LBP claimed that the factors to be considered in computing just compensation should be the cost of acquisition of the land, the current value of like properties, its nature, actual use and income, the sworn valuation by the owner, tax declarations and the assessment made by government assessors.^[37] LBP argued that the full reliance by the RTC on the commissioner's report based primarily on the market value is inconsistent with Republic Act (R.A.) No. 6657,^[38] also known as the Comprehensive Agrarian Reform Law of 1998.^[39]

The amount of Php 130.00 per sq m is reasonable and just considering the nature of the property involved.

Section 17 of R.A. No. 6657 provides:

Sec. 17. **Determination of Just Compensation.** — In determining just compensation, the cost of acquisition of the land, the current value of the like properties, its nature, actual use and income, the sworn valuation by the owner, the tax declarations, and the assessment made by government assessors' shall be considered. The social and economic benefits contributed by the farmers and the farmworkers and by the Government to the property as well as the non-payment of taxes or loans