

THIRD DIVISION

[G.R. No. 223334, June 07, 2017]

DANILO BARTOLATA, REPRESENTED BY HIS ATTORNEY-IN-FACT REBECCA R. PILOT AND/OR DIONISIO P. PILOT, PETITIONER, VS. REPUBLIC OF THE PHILIPPINES, DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS, DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS, AND TOLL REGULATORY BOARD, RESPONDENTS.

DECISION

VELASCO JR., J.:

Nature of the Case

Before the Court is a Petition for Review on Certiorari assailing the Decision^[1] and Resolution of the Court of Appeals (CA) in CA-G.R. CV No. 100523, dated July 10, 2015 and March 7, 2016, respectively. The challenged rulings denied petitioner's claim for just compensation on the ground that the portion of his property that was used by the government was subject to an easement of right of way. Additionally, the CA ordered petitioner to return any payment made to him by the government in relation to the enforcement of the easement.

The Facts of the Case

Petitioner Danilo Bartolata acquired ownership over a 400 square meter parcel of land identified as Lot 5, Blk. 1, Phase 1, AFP Officer's Village, Taguig, Metro Manila by virtue of an Order of Award from the Bureau of Lands dated December 14, 1987.

^[2] It appears from the Order of Award that petitioner was the sole bidder for the property during a public auction conducted on August 14, 1987,^[3] with the offer of P15 per square meter or P6,000 total for the 400 square meter lot.^[4]

Sometime in 1997, respondents acquired 223 square meters of petitioner's property for the development of the Metro Manila Skyway Project. The parties agreed that in exchange for the acquisition, petitioner would be paid just compensation for the appraised value of the property, fixed at P55,000 per square meter or an aggregate of P12,265,000 for the entire affected area by the Municipal Appraisal Committee of Taguig, Metro Manila.^[5] Subsequently, on August 14, 1997, respondents appropriated P1,480,000 in favor of petitioner as partial payment.

Since the date of initial payment, petitioner had, on numerous occasions, demanded from respondents the balance of Php10,785,000.00, but the latter refused to settle their outstanding obligation. This prompted petitioner to file, on September 20,

2006, a Complaint^[6] for a sum of money with the Regional Trial Court (RTC), Branch 166 in Pasig City, docketed as Civil Case No. 70969.^[7]

In their Supplemental Answer, dated July 9, 2009, respondents raised that the Order of Award from the Bureau of Lands granting title to petitioner over the subject property contained the following encumbrance:

This award shall further be subject to the provisions of the Public Land Law (Commonwealth Act No. 141, as amended), and particularly the following conditions:

x x x x

2. The land shall be subject to the easement and servitudes provided for in Section 109-114 of Commonwealth Act No. 141, as amended.^[8](emphasis added)

Respondents then argued that pursuant to Section 112 of Commonwealth Act No. 141 (CA 141),^[9] the government is entitled to an easement of right of way not exceeding 60 meters in width, without need of payment for just compensation, save for the value of improvements existing. The pertinent provision reads:

SECTION 112. Said land shall further be subject to a right-of-way not exceeding sixty (60) meters in width for public highways, railroads, irrigation ditches, aqueducts, telegraph and telephone lines and similar works as the Government or any public or quasi-public service or enterprise, including mining or forest concessionaires, may reasonably require for carrying on their business, with damages for the improvements only. (emphasis added)

Under the above-cited provision, any payment for the government's use of the easement, unless made to compensate the landowner for the value of the improvements affected, is unwarranted. Consequently, respondents prayed, by way of counterclaim, that the P1,480,000 partial payment made to petitioner for the acquisition of the latter's property, which was well within the 60-meter threshold width, be returned to the government.

In rebuttal, petitioner contended that Presidential Decree No. 2004 (PD 2004),^[10] which amended Republic Act No. 730 (RA 730),^[11] allegedly removed the statutory lien attached to the subject property. Sec. 2 of RA 730, as amended, now reads:

SEC. 2. Lands acquired under the provisions of this Act shall not be subject to any restrictions against encumbrance or alienation before and after the issuance of the patents thereon.

Respondents, however, countered that petitioner could not have benefited from PD 2004 since the removal of restrictions and encumbrances contained in PD 2004 only applies to public land sold by the government for residential purposes without public auction, whereas petitioner was awarded the subject property through a public auction sale.

Ruling of the RTC

On November 28, 2012, the RTC promulgated its Decision in Civil Case No. 70969 disposing the case in the following wise:

WHEREFORE, premises considered, judgment is hereby rendered dismissing plaintiffs complaint for lack of merit and insufficiency of evidence.

Defendant's counterclaims are likewise denied and dismissed for insufficiency of evidence.

No pronouncement as to costs.

SO ORDERED.^[12]

Giving credence to respondents' postulation, the RTC ruled that PD 2004 could not have removed the encumbrances attached to petitioner's property since the law does not cover public lands sold through auction. The RTC, therefore, ruled that the government is entitled to a 60-meter width right of way on the property, for which it is not entitled to pay just compensation under Sec. 112 of CA 141.^[13]

Nevertheless, the RTC found no reason to grant respondents' counterclaim. In ruling that petitioner is not under obligation to return the initial payment made, the RTC considered the fact that respondents effectively entered into a contract of sale with petitioner for the acquisition of the piece of land to be used for the Metro Manila Skyway Project, which contract of sale was consummated by respondents' partial payment.^[14] By virtue of this consummated contract of sale, so the RTC further ratiocinated, petitioner never opposed the taking of his property. He was made to believe, as he did in fact believe, that he will be paid just compensation as agreed upon by the parties. It cannot then be said that petitioner was illegally paid when he transacted with the government in good faith and when he relied on respondents' representations that he is entitled to just compensation.

Ruling of the CA

On appeal, the CA modified the RTC ruling thusly:

WHEREFORE, premises considered, plaintiff-appellant's appeal is **DENIED**. On the other hand, defendants' appeal is **GRANTED**. Accordingly, the Decision dated November 28, 2012 of Branch 166, Regional Trial Court of Pasig City in Civil Case No. 70969 is hereby **AFFIRMED** with the **MODIFICATION** that plaintiff-appellant is ordered to return the amount of Php1,480,000.00 to the Republic of the Philippines.

SO ORDERED.^[15]

The appellate court affirmed the RTC's finding that the subject property is still subject to the easement of right of way, which is free of any compensation, except only for the value of the existing improvements that may have been affected. Echoing the RTC's line of reasoning, the CA ruled that PD 2004 could not be extended to benefit petitioner who acquired the subject property through an auction sale. The lot in issue is, therefore, subject to the statutory lien embodied in Sec. 112 of CA 141.

Further upholding the government's right to enforce against petitioner's property the easement for public highways without cost, the CA granted respondents' counterclaim on appeal. The CA noted that the portion of petitioner's property that was used by respondents corresponds to the widths of 13.92 meters and 13.99 meters, well within the 60-meter limit under CA 141.^[16] Given that respondents never exceeded the threshold width, and that petitioner never established that there were improvements in his property that were affected, the CA held that petitioner is not entitled to any form of compensation. Consequently, the CA ordered him to return the P1,480,000 partial payment made, lest he be unjustly enriched by respondents' use of the legal easement that under the law should have been free of charge.

Aggrieved, petitioner moved for reconsideration of the appellate court's Decision, which motion was denied by the CA through its March 7, 2016 Resolution. Hence, petitioner elevated the case to this Court.

The Issues

In the instant recourse, petitioner raises the following issues:

1. THE HONORABLE COURT OF APPEALS SERIOUSLY/GRAVELY COMMITTED AN ERROR IN LAW AND WITH THE ESTABLISHED/ACCEPTED JURISPRUDENCE IN UPHOLDING AND SUSTAINING THE DECISION DATED 28 NOVEMBER 2012 OF THE HONORABLE REGIONAL TRIAL COURT BRANCH 166 OF PASIG CITY IN RULING THAT THE PROVISIONS OF PRESIDENTIAL DECREE NO. 2004 IS INAPPLICABLE OVER THE SUBJECT PARCEL OF LAND OF PETITIONER.

2. THE HONORABLE COURT OF APPEALS SERIOUSLY/GRAVELY COMMITTED AN ERROR IN LAW AND WITH THE ESTABLISHED/ACCEPTED JURISPRUDENCE IN UPHOLDING AND SUSTAINING THE DECISION DATED 28 NOVEMBER 2012 OF THE HONORABLE REGIONAL TRIAL COURT BRANCH 166 OF PASIG CITY IN RULING THAT THE PROVISIONS OF COMMONWEALTH ACT NO. 141 APPLIES AS ENCUMBRANCE OVER THE SUBJECT PARCEL OF LAND OF PETITIONER.

x x x x

3. THE HONORABLE COURT OF APPEALS SERIOUSLY/GRAVELY COMMITTED AN ERROR IN LAW AND WITH THE ESTABLISHED/ACCEPTED JURISPRUDENCE IN UPHOLDING AND SUSTAINING THE DECISION DATED 28 NOVEMBER 2012 OF THE HONORABLE REGIONAL TRIAL COURT BRANCH 166 OF PASIG CITY IN RULING THAT PETITIONER IS NOT ENTITLED TO BE PAID THE BALANCE OF JUST COMPENSATION IN THE AMOUNT OF TEN MILLION SEVEN HUNDRED EIGHTY-FIVE THOUSAND PESOS, (Php10,785,000.00) WITH LEGAL INTEREST COMMENCING FROM ACTUAL TAKING OF PROPERTY ON 14 AUGUST 1997 UNTIL FULLY PAID.

4. THE HONORABLE COURT OF APPEALS SERIOUSLY/GRAVELY COMMITTED AN ERROR IN LAW AND WITH THE ESTABLISHED/ACCEPTED JURISPRUDENCE IN UPHOLDING AND SUSTAINING THE DECISION DATED 28 NOVEMBER 2012 OF THE HONORABLE REGIONAL TRIAL COURT BRANCH 166 OF PASIG CITY IN RULING THAT THE PARTIAL PAYMENT MADE BY RESPONDENT IN THE AMOUNT OF ONE MILLION FOUR HUNDRED EIGHTY THOUSAND PESOS (Php1,480,000.00), BE RETURNED BY PETITIONER TO RESPONDENT.

5. ASSUMING WITHOUT ADMITTING AND FOR THE SAKE OF ARGUMENT THAT THE SUBJECT PARCEL OF LAND LAWFULLY OWNED BY PETITIONER IS SUBJECT TO THE PROVISIONS OF COMMONWEALTH ACT NO. 141 WITH THE SIXTY (6) METERS ENCUMBRANCE OF RIGHT OF WAY, PETITIONER SHOULD STILL BE ENTITLED TO THE DIFFERENCE OF ONE HUNDRED SIXTY-THREE SQUARE METERS, (163 sq.m.), OUT OF THE TWO HUNDRED TWENTY-THREE SQUARE METERS (223 sq.m.) TAKEN BY RESPONDENT FOR THE USE OF THE METRO MANILA SKYWAY PROJECT, TO WHICH JUST COMPENSATION THERETO MUST AND SHOULD BE PAID BY RESPONDENT TO PETITIONER ^[17]

To simplify, the Court is faced with the same issues that confronted the CA, to wit: