

## SECOND DIVISION

**[ G.R. No. 218628, September 06, 2017 ]**

**EVERGREEN MANUFACTURING CORPORATION, PETITIONER, VS.  
REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE  
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS,  
RESPONDENT.**

**[G.R. No. 218631]**

**REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE  
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS PETITIONER,  
VS. EVERGREEN MANUFACTURING CORPORATION,  
RESPONDENT.**

### **D E C I S I O N**

**CARPIO, ACTING C.J.:**

#### **The Case**

These are consolidated petitions for review on *certiorari* under Rule 45 of the Rules of Court. Evergreen Manufacturing Corporation (Evergreen) is the petitioner in G.R. No. 218628 while the Republic of the Philippines, represented by the Department of Public Works and Highways (Republic-DPWH), is the petitioner in G.R. No. 218631. Both challenge the 26 June 2014 Decision<sup>[1]</sup> and the 25 May 2015 Resolution<sup>[2]</sup> of the Court of Appeals (CA) in CA-G.R. CV No. 98157. The CA affirmed, with modification, the 30 June 2011 Decision<sup>[3]</sup> and the 3 November 2011 Order<sup>[4]</sup> of the Regional Trial Court (RTC), Branch 166 of Pasig City in SCA No. 2641 for Expropriation.

#### **The Facts**

Evergreen is the registered owner of a parcel of land situated in Barangay Santolan, Pasig City, which covers an area of 1,428.68 square meters and is covered by Transfer Certificate of Title No. PT-114857 (Subject Property). Republic-DPWH seeks to expropriate a portion of the Subject Property covering 173.08 square meters (Subject Premises) which will be used for a public purpose - the construction of Package 3, Marikina Bridge and Access Road, Metro Manila Urban Transport Integration Project.

Based on the zonal, industrial classification and valuation of the Bureau of Internal Revenue (BIR) of the real properties situated in Barangay Santolan, Evangelista Street, in the vicinity of A. Rodriguez boundary where the Subject Property is situated, the properties have an appraised value of P6,000.00 per square meter. While Republic-DPWH offered to acquire the Subject Premises by negotiated sale. Evergreen declined this offer. Thus, Republic-DPWH filed a complaint for

expropriation on 22 March 2004.

Evergreen, in opposing the complaint for expropriation, alleged that the conditions for filing a complaint for expropriation have not been met, and that there is no necessity for expropriation. It argued that an expropriation of the Subject Premises would impair the rights of leaseholders in gross violation of the constitutional proscription against impairment of the obligation of contracts. It prayed for the dismissal of the complaint for failure to state a cause of action. In the alternative, in the possibility that expropriation is deemed proper, Evergreen prayed that in addition to the payment of just compensation, Republic-DPWH be ordered to (a) cause a re-survey of the remaining areas of the Subject Property and draw a new lot plan and vicinity plan for each area; (b) draw up a new technical description of the remaining areas for approval of the proper government agencies; (c) cause the issuance of new titles for the remaining lot; (d) provide new tax declaration for the new title; and (e) pay incidental expenses relative to the titling of the expropriated areas.

On 19 August 2004, after depositing One Million Thirty Eight Thousand Four Hundred Eighty Pesos (P1,038,480.00) - which is equivalent to 100% of the value of the Subject Premises based on the BIR zonal valuation of P6,000.00 per square meter - Republic-DPWH filed a Motion for the issuance of a Writ of Possession. On 6 December 2004, a Writ of Possession was issued by the RTC. On 14 September 2005, Republic-DPWH filed a Motion for Issuance of a New Writ of Possession as the first writ of possession was not implemented. Subsequently, on 2 March 2006, Evergreen filed a Motion to Withdraw the Initial Deposit. This was opposed by Republic-DPWH as it was not yet allowed entry into the Subject Premises. On 21 April 2006, the parties entered into an agreement allowing Republic-DPWH to enter into and/or possess the Subject Premises. On 15 November 2006, the RTC granted the Motion to Withdraw Initial Deposit.

During the pre-trial, Evergreen and Republic-DPWH agreed that the issue to be resolved in the expropriation complaint was the amount of just compensation. Three (3) real estate brokers/appraisers were appointed as commissioners to determine the current fair market value of the Subject Premises.

On 15 October 2007, the RTC appointed the members of the Board of Commissioners, namely: Norviendo Ramos, Jr., (later replaced by Atty. Jade Ferrer Wy), the City Assessor or his representative, and the RTC Clerk of Court of Pasig City. Thereafter, the Commissioners submitted separate Appraisal Reports. Bonifacio Maceda, Jr. of the City Assessor's office recommended the payment of P15,000.00 per square meter, Atty. Jade Ferrer Wy recommended P37,500.00 per square meter and Atty. Pablita Migrino of the Office of the RTC Clerk of Court of Pasig City recommended the amount of P30,000.00 per square meter for the Subject Premises.

### **The Ruling of the RTC**

On 30 June 2011, the RTC rendered its Decision<sup>[5]</sup> fixing the just compensation for the Subject Premises at Twenty Five Thousand Pesos (P25,000.00) per square meter. The RTC directed Republic-DPWH to pay Evergreen the amount of Three Million Two Hundred Eighty-Eight Thousand Five Hundred Twenty Pesos (P3,288,520.00), which was the amount due after deducting the deposit made by

Republic-DPWH which had already been withdrawn by Evergreen. The dispositive portion of the Decision states:

WHEREFORE, premises considered, judgment is hereby rendered fixing the amount of just compensation for 173.08 square meters of the subject parcel of land being expropriated at Twenty Five Thousand Pesos (P25,000.00) per square meter.

Plaintiff is directed to pay the said defendant the net amount of Three Million Two Hundred Eighty Eight Thousand Five Hundred Twenty Pesos (Php3,288,520.00) and subject to payment by defendant of any unpaid real property taxes and other taxes and fees due.

Other claims of defendant [are] denied, for lack of merit.

Cost of litigation is adjudged against the plaintiff.

SO ORDERED.<sup>[6]</sup>

Both Republic-DPWH and Evergreen filed their respective Motions for Partial Reconsideration. Republic-DPWH argued that the just compensation should be fixed only at Fifteen Thousand Pesos (P15,000.00) per square meter while Evergreen argued that the RTC erred in fixing the just compensation at merely Twenty Five Thousand Pesos (P25,000.00). Evergreen further asked for the payment of consequential damages as a result of its lost income with its billboard lessee and decrease in value of the Subject Property and legal interest on the amount of just compensation. In an Order dated 3 November 2011,<sup>[7]</sup> the RTC denied the motions. Thus, both parties appealed to the CA.

### **The Ruling of the CA**

In a Decision dated 26 June 2014,<sup>[8]</sup> the CA increased the amount of just compensation for the Subject Premises at Thirty Five Thousand Pesos (P35,000.00) per square meter, or a total of Six Million Fifty Seven Thousand Eight Hundred Pesos (P6,057,800.00). The CA held:

In their separate Commissioner's Appraisal Report, Atty. Wy and Atty. Pablita Migrino stated, that: (1) the selling price of the properties in the surrounding area is within the range of P35,000.00 and P40,000.00 per square meter; and (2) in 2000, the just compensation of a nearby property was P26,100.00 per square meter as determined by RTC-Branch 70, Pasig City, and affirmed by the Supreme Court in *Light Rail Transit Authority vs. Clayton Industrial Corporation, et al.* Thus, just compensation of P25,000.00 per square meter set by the RTC, is far too low for a property expropriated in 2004.

Consequently, it would be more in accord with justice and equity to increase the just compensation of the subject property to P35,000.00 per square meter, agreed to by two of the three commissioners, Atty. Wy and RTC Clerk of Court, Atty. Migrino, for a total of P6,057,800.00 for the 173.08 square meters sought to be expropriated.<sup>[9]</sup>

The CA, however, denied the claim of consequential damages or interest by Evergreen. The CA found that based on the records of the RTC, the Subject Premises expropriated by the Republic-DPWH did not include and would not encroach on the residential building and billboard owned by Evergreen. Evergreen also failed to present any evidence to prove that its remaining properties would be adversely affected or damaged by the expropriation. As for the issue regarding the interest on the amount of just compensation until final payment, the CA held that Evergreen is not entitled to such interest as Republic-DPWH's payment was deposited in the account of Evergreen months before it was able to take possession of the Subject Premises pursuant to the Writ of Possession issued by the RTC. The dispositive portion of the CA Decision provides:

WHEREFORE, premises considered, both appeals are PARTIALLY GRANTED. The Decision dated June 30, 2011 of the Regional Trial Court, Branch 166, Pasig City, in SCA No. 2641, is AFFIRMED with MODIFICATION that the just compensation for the 173.08 square meters of the property expropriated is P35,000.00 per square meter, or a total of P6,057,800.00, minus the amount of P1,038,480.00 paid over by Republic-DPWH in order to take possession of the expropriated property, and withdrawn by Evergreen sometime on or after November 15, 2006. No costs.

SO ORDERED.<sup>[10]</sup>

In a Resolution dated 25 May 2015,<sup>[11]</sup> the CA denied the Motions for Partial Reconsideration filed by both Evergreen and Republic-DPWH. Hence, Evergreen filed with this Court its petition for review on *certiorari* dated 3 August 2015<sup>[12]</sup> while Republic-DPWH filed its own petition for review on *certiorari* dated 29 July 2015.<sup>[13]</sup>

### **The Issues**

In its petition, Evergreen argues that it is entitled to the payment of interest for the Subject Premises expropriated by Republic-DPWH:

THE HONORABLE COURT OF APPEALS, WITH UTMOST DUE RESPECT, GRAVELY ERRED WHEN IT DENIED PETITIONER'S CLAIM FOR PAYMENT OF INTEREST FOR THE PROPERTY EXPROPRIATED BY THE RESPONDENT.

<sup>[14]</sup>

On the other hand Republic-DPWH raises the following arguments in its own petition:

THE QUESTIONED DECISION AND RESOLUTION OF THE COURT OF APPEALS ARE NOT IN ACCORD WITH LAW AND APPLICABLE JURISPRUDENCE, CONSIDERING THAT:

I. THE JUST COMPENSATION FIXED BY THE COURT OF APPEALS HAS NO BASIS IN FACT AND IN LAW.

A. THE COMMISSIONERS' REPORTS ARE MANIFESTLY HEARSAY AND BEREFT OF ANY KIND OF EVIDENCE. THEREFORE, IT SHOULD BE DISREGARDED PURSUANT TO THE PRONOUNCEMENTS OF THE HONORABLE COURT IN *NPC*

VS. YCLA SUGAR DEVELOPMENT CORPORATION AND  
NAPOCOR VS. DIATO-BERNAL.

B. SECTION 4, RULE 67 OF THE RULES OF COURT MANDATES THAT THE VALUE OF JUST COMPENSATION SHALL BE DETERMINED AS OF THE DATE OF THE TAKING OF THE PROPERTY OR THE FILING OF THE COMPLAINT, WHICHEVER COMES FIRST. HERE, THE AMOUNT OF JUST COMPENSATION FOR THE EXPROPRIATED INDUSTRIAL PROPERTY IS BASED ON THE "CURRENT" SELLING PRICE OF COMMERCIAL PROPERTIES.

C. THERE IS NO *BONA FIDE* VALUATION OF THE EXPROPRIATED PROPERTY. THE COMMISSIONERS' REPORT HINGED COMPLETELY ON THE VALUATION OF THE BOARD OF COMMISSIONERS (BOC) IN THE LRTA CASE.

1. THE JUST COMPENSATION PRONOUNCED IN LRTA WAS NOT INTENDED TO BECOME A PRECEDENT, MUCH LESS AN AUTHORITY TO BE APPLIED INVARIABLY IN OTHER EXPROPRIATION CASES. THE JUST COMPENSATION AWARDED THEREIN WAS A RESULT OF THE DELIBERATION OF THE BOC IN THAT CASE PURSUANT TO THE EVIDENCE PRESENTED BY THE PARTIES.<sup>[15]</sup>

### **The Ruling of the Court**

We partly grant the petitions.

#### **AMOUNT OF JUST COMPENSATION**

First, we note that only questions of law should be raised in a petition for review on *certiorari* under Rule 45. Factual findings of the lower courts will generally not be disturbed.<sup>[16]</sup> Thus, the factual issues pertaining to the value of the property expropriated are questions of fact which are generally beyond the scope of the judicial review of this Court under Rule 45.<sup>[17]</sup> However, we have consistently recognized several exceptions to this rule, to wit:

The jurisdiction of the Court in cases brought before it from the appellate court is limited to reviewing errors of law, and findings of fact of the Court of Appeals are conclusive upon the Court since it is not the Court's function to analyze and weigh the evidence all over again. Nevertheless, in several cases, the Court enumerated the exceptions to the rule that factual findings of the Court of Appeals are binding on the Court: (1) when the findings are grounded entirely on speculations, surmises or conjectures; (2) when the inference made is manifestly mistaken, absurd or impossible; (3) when there is grave abuse of discretion; (4) when the judgment is based on a misapprehension of facts; (5) when the findings of fact are conflicting; (6) when in making its findings the Court of Appeals went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee; (7) when the