

SECOND DIVISION

[G.R. No. 172551, January 15, 2014]

**LAND BANK OF THE PHILIPPINES, PETITIONER, VS. YATCO
AGRICULTURAL ENTERPRISES, RESPONDENT.**

DECISION

BRION, J.:

We resolve the Land Bank of the Philippines' (*LBP's*) Rule 45 petition for review on *certiorari*^[1] challenging the decision^[2] dated January 26, 2006 and the resolution^[3] dated May 3, 2006 of the Court of Appeals (CA) in CA-G.R. SP No. 87530. This CA decision affirmed the decision^[4] dated July 30, 2004 of the Regional Trial Court, Branch 30, San Pablo City, acting as a Special Agrarian Court (*RTC-SAC*), in Agrarian Case No. SP-064(02).

The Factual Antecedents

Respondent Yatco Agricultural Enterprises (*Yatco*) was the registered owner of a 27.5730-hectare parcel of agricultural land (property) in Barangay Mabato, Calamba, Laguna, covered by Transfer Certificate of Title No. T-49465.^[5] On April 30, 1999,^[6] the government placed the property under the coverage of its Comprehensive Agrarian Reform Program (*CARP*).

Pursuant to Executive Order (*E.O.*) No. 405,^[7] the LBP valued the property at P1,126,132.89.^[8] Yatco did not find this valuation acceptable and thus elevated the matter to the Department of Agrarian Reform (DAR) Provincial Agrarian Reform Adjudicator (*PARAD*) of San Pablo City, which then conducted summary administrative proceedings for the determination of just compensation.^[9]

The PARAD computed the value of the property at P16,543,800.00;^[10] it used the property's current market value (as shown in the tax declaration^[11] that Yatco submitted) and applied the formula "*MV x 2.*" The PARAD noted that the LBP did not present any verified or authentic document to back up its computation; hence, it brushed aside the LBP's valuation.

The LBP did not move to reconsider the PARAD's ruling. Instead, it filed with the RTC-SAC a petition for the judicial determination of just compensation.^[12]

The RTC-SAC's Decision

The RTC-SAC fixed the just compensation for the property at **P200.00 per square**

meter.^[13] The RTC-SAC arrived at this valuation by adopting the valuation set by the RTC of Calamba City, Branch 35 (Branch 35) in Civil Case No. 2326-96-C,^[14] which, in turn, adopted the valuation that the RTC of Calamba City, **Branch 36** (Branch 36) arrived at in Civil Case No. 2259-95-C^[15] (collectively, *civil cases*). The RTC-SAC did not give weight to the LBP's evidence in justifying its valuation, pointing out that the LBP failed to prove that it complied with the prescribed procedure and likewise failed to consider the valuation factors provided in Section 17 of the Comprehensive Agrarian Reform Law of 1988 (CARL).^[16]

The RTC-SAC subsequently denied the LBP's motion for reconsideration.^[17] The LBP appealed to the CA.^[18]

The CA's Ruling

The CA dismissed the LBP's appeal.^[19] Significantly, it did not find the LBP's assigned errors – the RTC-SAC's reliance on the valuation made by Branches 35 and 36 in the civil cases – to be persuasive. *First*, according to the CA, the parcels of land in the civil cases were the very same properties in the appealed agrarian case. *Second*, Branch 36's valuation was based on the report of the duly appointed commissioners and was arrived at after proper land inspection. As the determination of just compensation is essentially a judicial function, the CA thus affirmed the RTC-SAC's valuation which was founded on factual and legal bases.

The LBP filed the present petition after the CA denied its motion for reconsideration^[20] in the CA's May 3, 2006 resolution.^[21]

The Petition

The LBP argues in the present petition that the CA erred when it affirmed the RTC-SAC's ruling that fixed the just compensation for the property based on the valuation set by Branches 35 and 36.^[22] The LBP pointed out that the property in the present case was expropriated pursuant to its agrarian reform program; in contrast, the land subject of the civil cases was expropriated by the National Power Corporation (NAPOCOR) for industrial purposes.

The LBP added that in adopting the valuation fixed by Branches 35 and 36, the RTC-SAC completely disregarded the factors enumerated in Section 17 of R.A. No. 6657 and the guidelines and procedure laid out in DAR AO 5-98.

Finally, the LBP maintains that it did not encroach on the RTC-SAC's prerogative when it fixed the valuation for the property as it only followed Section 17 of R.A. No. 6657 and DAR AO 5-98, and merely discharged its mandate under E.O. No. 405.

The Case for the Respondent

Yatco argues that the RTC-SAC correctly fixed the just compensation for its property at P200.00 per square meter.^[23] It points to several reasons for its position. *First*, the RTC-SAC's valuation was not only based on the valuation fixed by Branch 36 (as adopted by Branch 35); it was also based on the property's market value as stated in the current tax declaration that it presented in evidence before the RTC-SAC.

Second, the RTC-SAC considered the evidence of both parties; unfortunately for the LBP, the RTC-SAC found its evidence wanting and in total disregard of the factors enumerated in Section 17 of R.A. No. 6657. And *third*, the RTC-SAC considered all of the factors enumerated in Section 17 when it set the property's value at P200.00 per square meter.

Procedurally, Yatco claims that the present petition's issues and arguments are purely factual and they are not allowed in a petition for review on *certiorari* and the LBP did not point to any specific error that the CA committed when it affirmed the RTC-SAC's decision.

The Issue

Based on the parties' submissions, only a single issue is before us, i.e., the question of whether the RTC-SAC's determination of just compensation for the property was proper.

The Court's Ruling

Preliminary considerations: factual-issue-bar rule; issues raised are not factual

As a general rule, the Court's jurisdiction in a Rule 45 petition is limited to the review of pure questions of law.^[24] A question of law arises when the doubt or difference exists as to what the law is on a certain state of facts. Negatively put, Rule 45 does not allow the review of questions of fact. A question of fact exists when the doubt or difference arises as to the truth or falsity of the alleged facts.

The test in determining whether a question is one of law or of fact is "whether the appellate court can determine the issue raised without reviewing or evaluating the evidence, in which case, it is a question of law[.]"^[25] Any question that invites calibration of the whole evidence, as well as their relation to each other and to the whole, is a question of fact and thus proscribed in a Rule 45 petition.

The LBP essentially questions in the present petition the RTC-SAC's adoption of the valuation made by Branch 36 in fixing the just compensation for the property. The LBP asks the question: was the just compensation fixed by the RTC-SAC for the property, which was based solely on Branch 36's valuation, determined in accordance with law?

We find the presented issue clearly one of law. Resolution of this question can be made by mere inquiry into the law and jurisprudence on the matter, and does not require a review of the parties' evidence. We, therefore, disagree with Yatco on this point as we find the present petition compliant with the Rule 45 requirement.

The determination of just compensation is essentially a judicial function that the Judiciary exercises within the parameters of the law.

The determination of just compensation is fundamentally a judicial function.^[26] Section 57 of R.A. No. 6657^[27] explicitly vests the RTC-SAC the original and exclusive power to determine just compensation for lands under CARP coverage.

To guide the RTC-SAC in the exercise of its function, Section 17 of R.A. No. 6657 enumerates the factors required to be taken into account to correctly determine just compensation. The law (under Section 49 of R.A. No. 6657^[28]) likewise empowers the DAR to issue rules for its implementation. The DAR thus issued DAR AO 5-98 incorporating the law's listed factors in determining just compensation into a basic formula that contains the details that take these factors into account.

That the RTC-SAC must consider the factors mentioned by the law (and consequently the DAR's implementing formula) is not a novel concept.^[29] In *Land Bank of the Philippines v. Sps. Banal*,^[30] we said that the RTC-SAC must consider the factors enumerated under Section 17 of R.A. No. 6657, as translated into a basic formula by the DAR, in determining just compensation.

We stressed the RTC-SAC's duty to apply the DAR formula in determining just compensation in *Landbank of the Philippines v. Celada*^[31] and reiterated this same ruling in *Land Bank of the Philippines v. Lim*,^[32] *Land Bank of the Philippines v. Luciano*,^[33] and *Land Bank of the Philippines v. Colarina*,^[34] to name a few.

In the recent case of *Land Bank of the Philippines v. Honeycomb Farms Corporation*,^[35] we again affirmed the need to apply Section 17 of R.A. No. 6657 and DAR AO 5-98 in just compensation cases. There, we considered the CA and the RTC in grave error when they opted to come up with their own basis for valuation and completely disregarded the DAR formula. The need to apply the parameters required by the law cannot be doubted; the DAR's administrative issuances, on the other hand, partake of the nature of statutes and have in their favor a presumption of legality.^[36] Unless administrative orders are declared invalid or unless the cases before them involve situations these administrative issuances do not cover, the courts must apply them.^[37]

In other words, in the exercise of the Court's essentially judicial function of determining just compensation, the RTC-SACs are not granted unlimited discretion and must consider and apply the R.A. No. 6657-enumerated factors and the DAR formula that reflect these factors. These factors and formula provide the uniform framework or structure for the computation of the just compensation for a property subject to agrarian reform. This uniform system will ensure that they do not arbitrarily fix an amount that is absurd, baseless and even contradictory to the objectives of our agrarian reform laws as just compensation. This system will likewise ensure that the just compensation fixed represents, at the very least, a close approximation of the full and real value of the property taken that is fair and equitable for both the farmer-beneficiaries and the landowner.

When acting within the parameters set by the law itself, the RTC-SACs, however, are not strictly bound to apply the DAR formula to its minute detail, particularly when faced with situations that do not warrant the formula's strict application; they may, in the exercise of their discretion, relax the formula's application to fit^[38] the factual

situations before them.^[39] They must, however, clearly explain the reason for any deviation from the factors and formula that the law and the rules have provided.^[40]

The situation where a deviation is made in the exercise of judicial discretion should at all times be distinguished from a situation where there is utter and blatant disregard of the factors spelled out by law and by the implementing rules. For in such a case, the RTC-SAC's action already amounts to grave abuse of discretion for having been taken outside of the contemplation of the law.^[41]

Gonzales v. Solid Cement Corporation^[42] teaches us that the use of the wrong considerations by the ruling tribunal in deciding the case or a particular matter in issue amounts to grave abuse of discretion. In *Gonzales*, the CA reversed the NLRC's ruling that ordered the payment of interest on the total monetary award. In reversing this CA ruling and reinstating the NLRC's award of interest, the Court pointed out that the CA relied solely on the doctrine of immutability of judgments, a consideration that was completely erroneous particularly in light of the other attendant and relevant factors, *i.e.*, the law on the legal interests that final orders and rulings on forbearance of money should bear, which the CA utterly ignored. Accordingly, the Court considered the CA in grave abuse of discretion as it used the wrong considerations and thereby acted outside the contemplation of the law.

This use of considerations that were completely outside the contemplation of the law is the precise situation we find in the present case, as fully explained below.

The rules allow the courts to take judicial notice of certain facts; the RTC-SAC's valuation is erroneous

The taking of judicial notice is a matter of expediency and convenience for it fulfills the purpose that the evidence is intended to achieve, and in this sense, it is equivalent to proof.^[43] Generally, courts are not authorized to "take judicial notice of the contents of the records of other cases even when said cases have been tried or are pending in the same court or before the same judge."^[44] They may, however, take judicial notice of a decision or the facts prevailing in another case sitting in the same court if: (1) the parties present them in evidence, absent any opposition from the other party; or (2) the court, in its discretion, resolves to do so.^[45] In either case, the courts must observe the clear boundary provided by Section 3, Rule 129 of the Rules of Court.

We note that Yatco offered in evidence copies of the decisions in the civil cases,^[46] which offer the LBP opposed.^[47] These were duly noted by the court.^[48] Even assuming, however, that the April 21, 2004 order^[49] of the RTC-SAC (that noted Yatco's offer in evidence and the LBP's opposition to it) constitutes sufficient compliance with the requirement of Section 3, Rule 129 of the Rules of Court, still we find the RTC-SAC's valuation – based on Branch 36's previous ruling – to be legally erroneous.

1. *The RTC-SAC fully disregarded Section 17 of R.A. No. 6657*