

## THIRD DIVISION

[ G.R. No. 181792, April 21, 2014 ]

**STAR SPECIAL WATCHMAN AND DETECTIVE AGENCY, INC.,  
CELSO A. FERNANDEZ AND MANUEL V. FERNANDEZ,  
PETITIONERS, VS. PUERTO PRINCESA CITY, MAYOR EDWARD  
HAGEDORN AND CITY COUNCIL OF PUERTO PRINCESA CITY,  
RESPONDENTS.**

### D E C I S I O N

**MENDOZA, J.:**

This petition for mandamus<sup>[1]</sup> seeks to direct, command and compel the respondents to enforce, implement or pay the petitioners the judgment award of the November 18, 2003 Decision<sup>[2]</sup> of the Regional Trial Court, Branch 223, Quezon City (*RTC-Br. 223*), in Civil Case No. Q-01-45668, the decretal portion of which reads:

WHEREFORE, premises considered, defendant Puerto Princesa City is hereby ordered to pay the plaintiffs Star Special Watchman and Detective Agency, Inc., Celso A. Fernandez and Manuel V. Fernandez, the following:

1. The amount of ten million six hundred fifteen thousand five hundred sixty-nine pesos and sixty three centavos (P10,615,569.63), representing the defendants unpaid balance under the July 22, 2003 Decision, with twelve percent (12%) interest per annum, as pegged in the said Decision, from November 27, 2001, the date of the judicial demand in the form of the filing of the present Complaint; and
2. Three hundred eighty thousand pesos (P380,000.00), and the rentals of two thousand pesos (P2,000.00) monthly from November 2001, until full payment of the amount stated in No. 1 hereof.

Plaintiffs' claim for attorney's fees is DENIED [for] lack of basis.

Costs against the defendant.

SO ORDERED.<sup>[3]</sup>

### The Facts

Records show that Star Special Watchman and Detective Agency, Inc., Celso A. Fernandez and Manuel V. Fernandez (*petitioners*) were the owners of two (2) parcels of land located in Puerto Princesa City. One was covered by Transfer Certificate of

Title (TCT) No. 7827 consisting of 5,261 square meters and the other by TCT No. 7828 with an area of more or less 130,094 square meters. On June 3, 1989, the two (2) parcels of land were subdivided into seven (7) lots.<sup>[4]</sup>

Before Puerto Princesa became a city, the national government established a military camp in Puerto Princesa, known as the Western Command. In building the command's facilities and road network, encroachment on several properties of petitioners resulted. Among the properties taken for the build-up of the Western Command Headquarters was Lot 7, consisting of 5,942 square meters and covered by TCT No. 13680. Petitioners' property was used as a road right-of-way leading to the military camp. This road was named the "Wescom Road." Soon after, the City of Puerto Princesa decided to develop the "Wescom Road" because local residents started to build their houses alongside it.

In view of the encroachment, petitioners filed an action for Payment of Just Compensation (Civil Case No. Q-90-4930) against Puerto Princesa City, Mayor Edward Hagedorn and the City Council of Puerto Princesa City (*respondents*) before the RTC, Branch 78, Quezon City (*RTC-Br. 78*), praying that the court render judgment ordering respondents to pay petitioners for the fair market value of their land and a monthly rental fee until fully paid.

On July 22, 1993, the RTC-Br. 78 rendered a decision<sup>[5]</sup> (*RTC-Br. 78 Decision*) in favor of petitioners. The dispositive portion of the said decision reads:

WHEREFORE, judgment is hereby rendered ordering the defendant Puerto Princesa City to pay plaintiffs as follows:

The amount of One Thousand Five Hundred Pesos (P1,500.00) per square meter on their land covered by Transfer Certificate of Title No. 13680 of the Register of Deeds of Puerto Princesa City, measuring 5,942 square meters with interest at twelve (12%) percent from March 12, 1990, date of the filing of the complaint, and after payment, the Register of Deeds of Puerto Princesa City is ordered to cancel Transfer Certificate of Title No. 13680 in the names of the plaintiffs and another one be issued in the name of Puerto Princesa City, after payment of the corresponding fees; P2,000.00 monthly rental from 1986 until the whole value of the land has been fully paid; damages and attorney's fees are dismissed; and counterclaim of the defendant is likewise dismissed for lack of merit.

With costs against the defendant.

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

After the RTC-Br. 78 Decision became final and executory, a writ of execution, dated February 17, 1994, was issued which directed respondents to satisfy the money judgment contained in the said decision.

The total money judgment amounted to P16,930,892.97 as of October 1995. Nonetheless, sometime in November 1995, petitioner Celso A. Fernandez and respondents' legal counsel, Atty. Agustin Rocamora (*Atty. Rocamora*), met and

agreed to reduce the money judgment from P16,930,892.97 to P12,000,000.00, subject to the condition that respondents would pay the amount of P2 million in February 1996 and, thereafter, P1 million monthly until fully paid. The P1 million monthly payment was further reduced to P500,000.00.

Pursuant thereto, respondents initially appropriated the amount of P2 million representing the initial payment of petitioners' claim. On January 30, 1996, LBP Check No. 049646<sup>[7]</sup> was drawn in the name of Celso Fernandez which the latter received in February 1996. Thereafter, respondents enacted Sangguniang Panlungsod Resolution No. 292-96,<sup>[8]</sup> *"A Resolution Authorizing the Release of FIVE HUNDRED THOUSAND PESOS Monthly as Payment to the Claim of Star Special Watchman and Detective Agency, Inc. for the Parcel of Land Traversed by The City Road."*

On May 10, 1996, however, Celso Fernandez wrote a letter<sup>[9]</sup> informing respondents that after petitioners received the amount of P2 million from them in February 1996, there were no more payments received for the months of March, April and May 1996. He also requested respondents to enact a continuing resolution for the P500,000.00 monthly payment until the full payment of the remaining balance of P10 million. Otherwise, petitioners would, within the first week of June 1996, set aside the verbal agreement with Atty. Rocamora and respondents would be required to pay the total amount of P16,234,690.21.

Records show that the total negotiated amount of P12 million was already fully paid and received by petitioners on the basis of the certification issued by then City Treasurer of Puerto Princesa, Rogelio L. Hitosis. The certification shows that from February 6, 1996 up to October 23, 1997, a total amount of P12,000,000.00 was disbursed by respondents to petitioners for the payment of a parcel of land traversed by the city road, as follows:

<b>DATE ISSUED</b>	<b>CHECK NO.</b>		<b>AMOUNT</b>
February 6, 1996	049646	P	2,000,000.00
September 10, 1996	18278355	P	1,000,000.00
November 5, 1996	21562399	P	1,000,000.00
January 31, 1997	4205501	P	2,000,000.00
May 15, 1997	22977614	P	2,000,000.00
May 26, 1997	22986270		
		P	1,500,000.00
June 24, 1997	22991909 <sup>[10]</sup>	P	500,000.00
July 24, 1997	22992012	P	500,000.00
August 29, 1997	22992130	P	500,000.00
September 25, 1997	25535162 <sup>[11]</sup>	P	500,000.00
October 23, 1997	25535244	P	500,000.00
Grand Total:			<b>P12,000,000.00<sup>[12]</sup></b>

Nevertheless, on November 27, 2001, petitioners filed a complaint before the RTC-Br. 223 (Civil Case No. Q-01-45668) against respondents for collection of unpaid just compensation, including interests and rentals, in accordance with the RTC-Br. 78 Decision. Petitioners averred, among others, that respondents indeed paid a total amount of P12 million, but not on time; that as of October 31, 2001, they had an unpaid balance of P10,615,569.63 inclusive of interests; and that as of October

31, 2001, the rentals due on the subject property reached the amount of P380,000.00 plus the monthly rentals of P2,000.00 from November 2001.

On November 18, 2003, after petitioners presented their evidence and respondents waived their right to present theirs, the RTC-Br. 223 rendered its decision in favor of petitioners.

After its November 18, 2003 decision became final and executory on January 20, 2004, the RTC-Br. 223 granted petitioners' motion for execution and issued a writ of execution,<sup>[13]</sup> dated February 10, 2005.

Subsequently, petitioners filed two (2) motions, dated May 4, 2005 and July 20, 2005, both asking the RTC-Br. 223 1] to order the Land Bank of the Philippines to deliver the garnished account of respondents; and/or 2] to order respondents to appropriate funds for the payment of the money judgment rendered against them and in favor of petitioners.

On October 27, 2005, the RTC-Br. 223 issued an order<sup>[14]</sup> denying both motions on the ground that pursuant to Section 305(a) of the Local Government Code,<sup>[15]</sup> government funds could not be subjected to execution and levy, or to garnishment for that matter, unless there was a corresponding appropriation law or ordinance. The RTC-Br. 223, however, stated that respondents must still honor their obligation and that petitioners were entitled to a full and just compensation considering that its decision had long become final and executory. Accordingly, it directed respondents to comply with its decision and to immediately pay petitioners the sums of money specified in the said decision.

On February 14, 2006, petitioners filed a motion to declare respondents in indirect contempt of court for their failure to comply with the November 18, 2003 RTC-Br. 223 decision despite the issuance of a writ of execution against them. Again, petitioners' motion was denied by the RTC-Br. 223 in its Order,<sup>[16]</sup> dated September 6, 2006. The RTC-Br. 223 reiterated the rule that government funds may not be subjected to execution and levy, or to garnishment, unless there was a corresponding appropriation law or ordinance. It also cited the Supreme Court Administrative Circular No. 10-00, dated October 25, 2000, which enjoined the observance of utmost caution, prudence and judiciousness in the issuance of writs of execution to satisfy money judgments against government agencies and local government units.

The RTC-Br. 223 likewise issued an order,<sup>[17]</sup> dated June 5, 2007, denying the petitioners' motion to compel respondents to comply with the writ of execution, dated February 1, 2007, restating the proscription with respect to the satisfaction of money judgment against government agencies and local government units.

On May 7, 2007, petitioners wrote a letter to the Commission On Audit (COA) requesting that it order respondents to pay petitioners the amount adjudged in the November 18, 2003 decision of the RTC-Br. 223. Subsequently, on July 13, 2007, petitioners filed a formal claim<sup>[18]</sup> with the COA praying that it issue an order directing respondents to appropriate/allocate the necessary funds for the full satisfaction of the said decision including the corresponding interests and rentals which as of June 26, 2007 amounted to P21,235,894.41.

On July 7, 2007, the COA, through its Legal and Adjudication Office-Local, wrote a letter<sup>[19]</sup> to petitioner Celso Fernandez informing him that it could not act upon his request to order respondents to pay petitioners the amount adjudged in the November 18, 2003 decision because it had no jurisdiction over the matter as the case was already in the execution stage. The COA wrote another letter,<sup>[20]</sup> dated March 28, 2008, reiterating its stand on the matter.

Undaunted, petitioners filed similar complaints against respondents before the Office of the Deputy Ombudsman for Luzon and to the Office of the Undersecretary of the Department of Interior and Local Government praying that respondents pay the subject money judgment and that they be suspended from office for their refusal to comply with the money judgment.

Hence, this Petition for Mandamus under Rule 65 of the 1997 Rules of Court.

Petitioners anchor their prayer on the following

### **ISSUE**

**WHETHER OR NOT THE REMEDY OF MANDAMUS IS PROPER TO COMPEL HEREIN RESPONDENTS PUERTO PRINCESA CITY, MAYOR EDWARD HAGEDORN AND THE CITY COUNCIL OF PUERTO PRINCESA CITY TO COMPLY WITH THE NOVEMBER 18, 2003 DECISION OF THE REGIONAL TRIAL COURT OF QUEZON CITY, BRANCH 223 AND PAY HEREIN PETITIONERS OF THE JUDGMENT DEBT STATED THEREIN, PLUS THE INTERESTS UNTIL FULLY PAID.**

<sup>[21]</sup>

Petitioners basically argue that the remedy of mandamus is proper to compel respondents to comply with the November 18, 2003 decision of the RTC-Br. 223 which ordered respondents to pay petitioners the sums of money stated therein. They cited the rule that a writ of mandamus may issue when a tribunal, corporation, board officer or person unlawfully neglects the performance of an act which the law specifically enjoins as a duty resulting from an office, trust or station. According to them, their rightful claim against respondents became well-defined, clear and certain when the November 18, 2003 decision became final and executory. Considering that the said decision already became final, respondents had the legal duty to comply with the same and pay petitioners the judgment debt stated therein as the compliance and payment of a judgment debt are mere ministerial duties on the part of respondents.<sup>[22]</sup>

Petitioners further argue that the delay in the payment of just compensation for the taking of their property has prejudiced their rights as owners of the subject property. Respondents' continued refusal to perform their ministerial duty of paying the judgment debt as provided in the November 18, 2003 decision had harmed the interest of the government as the interests on the principal obligation continued to balloon. By February 29, 2008, the petitioners' claim reportedly reached P22,884,179.91.<sup>[23]</sup>