

## SECOND DIVISION

[ G.R. No. 171836, August 11, 2014 ]

**DEPARTMENT OF AGRARIAN REFORM, REPRESENTED BY HON. NASSER C. PANGANDAMAN, IN HIS CAPACITY AS DAR-OIC SECRETARY, PETITIONER, VS. SUSIE IRENE GALLE, RESPONDENT.**

[G.R. No. 195213]

**LAND BANK OF THE PHILIPPINES, PETITIONER, VS. SUSIE IRENE GALLE, SUBSTITUTED BY HER HEIRS, NAMELY HANS PETER, CARL OTTO, FRITZ WALTER, AND GEORGE ALAN, ALL SURNAMED RIETH, RESPONDENTS.**

### D E C I S I O N

**DEL CASTILLO, J.:**

It has been the consistent pronouncement of this Court that the determination of just compensation is basically a judicial function. Also, it is settled that in the computation of just compensation for land taken for agrarian reform, both Section 17 of Republic Act No. 6657 (RA 6657 or the Comprehensive Agrarian Reform Law of 1988/CARL) and the formula prescribed in the applicable Administrative Order of the Department of Agrarian Reform (DAR) should be considered.

Before this Court are consolidated Petitions for Review on Certiorari<sup>[1]</sup> assailing the following dispositions of the Court of Appeals (CA):

1. Its September 23, 2004 Decision<sup>[2]</sup> and February 22, 2006 Resolution<sup>[3]</sup> in CA-G.R. SP No. 80678, entitled "*Department of Agrarian Reform, as represented by Secretary Roberto M. Pagdanganan, Petitioner, versus Hon. Reinerio (Abraham) B. Ramas, Presiding Judge, Regional Trial Court, Br. 18, Pagadian City and Susie Irene Galle, Respondents*";

2. Its July 27, 2010 Consolidated Decision<sup>[4]</sup> and January 19, 2011 Resolution<sup>[5]</sup> in CA-G.R. SP Nos. 00761-MIN and 00778-MIN, entitled "*Land Bank of the Philippines, Petitioner, versus Susie Irene Galle, substituted by her heirs, namely: Hans Peter, Carl Otto, Fritz Walter, and George Alan, all surnamed Rieth, Respondents*" and "*Department of Agrarian Reform, represented by OIC-Secretary Nasser C. Pangandaman, Petitioner, versus Susie Irene Galle, substituted by her heirs, namely: Hans Peter, Carl Otto, Fritz Walter, and George Alan, all surnamed Rieth, Respondents*", respectively.

#### ***Factual Antecedents***

Respondent Susie Irene Galle (Galle) owned two contiguous parcels of land known

as the Patalon Coconut Estate (the estate) in Patalon, Zamboanga City, with a total area of 410.2271 hectares (or 4,102,271 square meters) and covered by two titles issued in her name – Transfer Certificates of Title Nos. T-62,736<sup>[6]</sup> (TCT T-62,736) and T-62,737<sup>[7]</sup> (TCT T-62,737). The estate is a fully developed and income-producing farm, thus:

<u>TCT T-62,736</u>		<u>TCT T-62,737</u>	
<u>Land Use</u>	<u>Area [Has.]</u>	<u>Land Use</u>	<u>Area [Has.]</u>
[Coconut Plantation]	178.713	[Coconut Plantation]	168.1127 [has.]
[Coconut with Coffee Trees]	5.0	[Coconut with Coffee Trees]	3.5
Quarry	5.0	Corn	1.5
Barangay Road	1.4	Forest [Land]	15.0
Forest [Land]	15.0	National Road	2.0 <sup>[8]</sup>

The estate contained between 35,810 to 38,666 coconut trees,<sup>[9]</sup> producing copra. Likewise, cattle, carabao and horses were raised therein.<sup>[10]</sup>

In August 1992, petitioner Land Bank of the Philippines (LBP) valued 356.2257 hectares of the estate at P6,083,545.26, which valuation was rejected by Galle. The rejected amount was supposedly deposited in the name of Galle, in the form of cash and bonds.

On November 17, 1993, the Zamboanga City Registry of Deeds cancelled Galle's titles and transferred the entire estate to the State; TCT Nos. T-110,927 and T-110,928 were issued in the name of the "Republic of the Philippines – Department of Agrarian Reform."

On November 25, 1994, TCT Nos. T-110,927 and T-110,928 were cancelled and new titles – TCT Nos. T-111,098 and T-111,099 – were issued in the name of "Patalon Estate Agrarian Reform Beneficiaries Association" (PEARA).

Yet again, on May 13, 1994, the above two PEARA titles were cancelled, and new titles were issued, as follows:

1. TCT No. T-113,496 for 15.0025 hectares in Galle's name;<sup>[11]</sup>
2. TCT No. T-113,499 for 37.1209 hectares in Galle's name;<sup>[12]</sup>
3. TCT No. T-113,497 for 47.1739 hectares in the name of PEARA;<sup>[13]</sup>  
and
4. TCT No. T-113,498 for 307.5369 hectares in the name of PEARA.  
<sup>[14]</sup>

The above four titles covered 406.8342 hectares of the estate's total area of 410.2271 hectares, thus leaving 3.3929 hectares thereof unregistered. Thus, it

appears that as to Galle, a total of 358.1037 hectares, or 3,581,037 square meters – which is the sum total of the areas covered by TCT Nos. T-113,497 and T-113,498, and the 3.3929 hectares unaccounted for but not re-titled or returned to Galle – were taken from her by the government without just compensation.

Meanwhile, the Department of Agrarian Reform Adjudication Board (DARAB) conducted summary administrative proceedings for the acquisition of the estate, docketed as DARAB Case No. JC-RIX-ZAMBO-0011-CO. On October 15, 1996, a Decision<sup>[15]</sup> was rendered in said case, the dispositive portion of which reads:

WHEREFORE, premises considered, order is hereby issued directing the Land Bank of the Philippines to determine and include the value of the 1.4 hectares barangay road in the total valuation. It is likewise directed to pay the landowner, Susie Irene Galle, the amount of TEN MILLION SEVEN HUNDRED SIXTY SEVEN THOUSAND FOUR HUNDRED SIXTY NINE PESOS AND 00/100 (P10,627,148.00) [sic] upon completion of the essential requirements.

SO ORDERED.<sup>[16]</sup>

Galle was notified of the above Decision on October 28, 1996. LBP filed a motion for reconsideration, which remains unresolved to this day.<sup>[17]</sup>

#### **Civil Case No. 4574**

Galle instituted on November 12, 1996 – or within 15 days from receipt of the Decision in DARAB Case No. JC-RIX-ZAMBO-0011-CO – a case for “Cancellation of Transfer Certificates of Title and Reconveyance, Determination and Payment of Just Compensation, and Damages” with the Regional Trial Court (RTC) of Zamboanga City. Docketed as Civil Case No. 4574 and assigned to RTC Branch 12, the Complaint<sup>[18]</sup> - entitled “*Susie Irene Galle, Plaintiff, versus Ernesto Garilao, et al., Defendants*” – prayed, among others, that:

The Honorable Court issue an Order:

1. Directing defendant Susana B. Muin, Register of Deeds of Zamboanga City, to cancel all certificates of title issued subsequent to TCT Nos. T-62,736 and T-62,737, thereby rendering all subsequent certificates of title without force and effect, and restoring in the name of plaintiff TCT Nos. T-62,736 and T-62,737; and
2. Directing the Department of Agrarian Reform and all the defendants to jointly and severally pay plaintiff the income she lost from the time the said TCTs were cancelled on November 17, 1993 up to the time that the TCTs will be restored in her name, with interest at the rate of 12% per annum, to pay lawyer’s fees and to pay the cost of the suit.

In the alternative, it is respectfully prayed that the Honorable Court

render judgment:

1. Declaring just compensation for plaintiff's expropriated landholdings at an amount not less than P345,311,112.00 and directing Land Bank of the Philippines to pay plaintiff the said amount.
2. Requiring Land Bank of the Philippines to pay plaintiff the value of the infrastructures and waterworks system installed on plaintiff's landholdings.
3. Requiring the Department of Agrarian Reform and Land Bank of the Philippines and all other defendants to jointly and severally pay damages to plaintiff in the form of 12% interest [per annum] starting January 21, 1991 up to the time the final award of compensation is paid to plaintiff, the interest to be computed based on the final award of compensation to plaintiff, and directing Land Bank of the Philippines to pay the amount to plaintiff.
4. Requiring the Department of Agrarian Reform and Land Bank of the Philippines and all other defendants to jointly and severally pay damages to plaintiff by way of attorney's fees in the amount of 15% of the final award of compensation to plaintiff, and directing Land Bank of the Philippines to pay the amount to plaintiff.
5. Requiring the Department of Agrarian Reform and Land Bank of the Philippines and all other defendants to jointly and severally pay damages to plaintiff for all the expenses incurred to bring the instant suit before the Honorable Court, which should not be less than P400,000.00, and to pay the cost of the suit, and directing Land Bank of the Philippines to pay the the [sic] amounts to plaintiff.
6. To pay the cost of the suit.<sup>[19]</sup>

Galle likewise filed DARAB Case No. IX-ZC-766-96-(R) seeking annulment of the titles which were issued subsequent to her original titles, or TCT T-62,736 and TCT T-62,737. However, the case was later dismissed in a January 10, 1997 Decision issued by the DARAB.

The DAR moved to dismiss Civil Case No. 4574, claiming that the RTC had no jurisdiction over the case. The RTC denied the motion, as well as DAR's ensuing motion for reconsideration.

DAR thus filed a Petition for *Certiorari* with the CA, docketed as CA-G.R. SP No. 47618. On August 21, 2001, the CA issued a Decision<sup>[20]</sup> granting the Petition, thus:

WHEREFORE, the foregoing premises considered, the petition for certiorari is GRANTED. The Orders of the public respondent dated June

23, 1997 and September 18, 1997, and all the proceedings had thereafter including the Decision dated March 22, 1999 and the Order dated May 19, 2000 are hereby ANNULLED and SET ASIDE. No pronouncement as to costs.

SO ORDERED.<sup>[21]</sup>

The CA held that the RTC in Civil Case No. 4574 had no power to review decisions of the DARAB, and it had no jurisdiction over the case for cancellation of titles since it was not the designated Special Agrarian Court (SAC).

Galle then came to this Court by Petition for Review on Certiorari, docketed as G.R. No. 152480. In a June 3, 2002 Resolution,<sup>[22]</sup> however, the Petition was denied for failure to show that the CA committed reversible error.

### ***Civil Case No. 4436-2K3***

On January 14, 2003, Galle filed a case for "Determination and Payment of Just Compensation with Damages" against the Secretary of the DAR, LBP, and PEARA, which was docketed as Civil Case No. 4436-2K3 and assigned to Branch 18 of the RTC of Pagadian City, the designated SAC. The Complaint<sup>[23]</sup> essentially alleged that the estate was a fully developed and income-generating farm which was situated near the Zamboanga City Special Economic Zone Authority and the Ayala de Zamboanga Industrial Estate; that the estate was a rich source of sand and gravel, and more than 62 hectares thereof was coastal land; that at the time of taking by the State, the fair market value thereof was no less than P100.00 per square meter, or P1 million per hectare; and that DAR and LBP offered compensation equivalent to only P1.70 per square meter. Galle prayed that just compensation be fixed in the amount of not less than P1 million per hectare or a total of P350,569,636.10; that she be granted compounded interest on the just compensation due her, computed from the time her land was taken until she is paid; that she be awarded 15% attorney's fees, "actual expenses", and costs of suit.

The DAR filed a Motion to Dismiss,<sup>[24]</sup> which LBP adopted. Citing prescription and forum-shopping, the DAR argued that Galle was given only 15 days from notice of the October 15, 1996 DARAB Decision in DARAB Case No. JC-RIX-ZAMBO-0011-CO – pursuant to Rule XIII, Section 11 of the 1994 DARAB Rules of Procedure<sup>[25]</sup> – within which to file a just compensation case with the SAC; her filing of Civil Case No. 4436-2K3 on January 14, 2003, or six years later, is tardy, and the October 15, 1996 Decision of the DARAB therefore became final and executory. It argued further that Galle was guilty of forum-shopping for filing Civil Case No. 4436-2K3 after obtaining an adverse Decision in Civil Case No. 4574, which likewise involved a prayer – albeit in the alternative – for the fixing of just compensation for her estate.

Galle filed an Opposition<sup>[26]</sup> to the Motion to Dismiss, arguing among others that the October 15, 1996 DARAB Decision in DARAB Case No. JC-RIX-ZAMBO-0011-CO did not become final and executory as there is still a pending and unresolved Motion for Reconsideration<sup>[27]</sup> filed by LBP; that the courts have the power to review the Decision of the DAR, which is merely preliminary and not final; that a landowner may file a case directly with the SAC without awaiting the DAR's preliminary