

## SECOND DIVISION

[ G.R. No. 197329, September 08, 2014 ]

**NATIONAL POWER CORPORATION, PETITIONER, VS. LUIS SAMAR AND MAGDALENA SAMAR, RESPONDENTS.**

### DECISION

**DEL CASTILLO, J.:**

This Petition for Review on *Certiorari*<sup>[1]</sup> seeks to set aside the June 17, 2011 Decision<sup>[2]</sup> of the Court of Appeals (CA) in CA-G.R. CV No. 82231 which denied the herein petitioner's appeal and affirmed the February 21, 2003 Decision<sup>[3]</sup> of the Regional Trial Court (RTC) of Iriga City, Fifth Judicial Region, Branch 34 in Civil Case No. IR-2678.

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

#### **Civil Case No. IR-2243**

Sometime in 1990, petitioner National Power Corporation (NPC) filed Civil Case No. IR-2243 with the RTC, seeking to expropriate respondent spouses Luis and Magdalena Samar's 1,020-square meter lot – covered by Tax Declaration No. 30573 and situated in San Jose (Baras), Nabua, Camarines Sur –which NPC needed for the construction of a transmission line.

In an August 29, 1990 Order,<sup>[4]</sup> the RTC directed the issuance of a Writ of Condemnation in favor of NPC. Accordingly, NPC entered the subject lot and constructed its transmission line, denominated as Tower No. 83.

However, on July 12, 1994, the trial court issued another Order<sup>[5]</sup> dismissing Civil Case No. IR-2243 without prejudice for failure to prosecute, as follows:

In the Order dated 14 August 1991, Atty. Raymundo Nagrampa was designated as the representative of his clients in the Committee of Appraisers to appraise the reasonable value of the land together with the Court's and plaintiffs' representatives, namely, the Branch Clerk of Court and Mr. Lorenzo Orense, respectively for the purpose of fixing the amount with which the plaintiff may be compensated for the land in question.

After almost three (3) years since the said order was issued, the Committee has not met nor deliberated on said matter and the parties in this case have not exerted efforts in pursuing their claims despite so long a time.

Hence, this case is hereby dismissed without prejudice for failure to

prosecute within a reasonable period of time.

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

It appears that the above July 12, 1994 Order was not assailed by appeal or otherwise; nor did NPC commence any other expropriation proceeding.

### **Civil Case No. IR-2678**

On December 5, 1994, respondents filed with the same trial court a Complaint,<sup>[7]</sup> docketed as Civil Case No. IR-2678, for compensation and damages against NPC relative to the subject lot which NPC took over but for which it failed to pay just compensation on account of the dismissal of Civil Case No. IR-2243. The Complaint contained the following prayer:

WHEREFORE, considering the above premises, it is most respectfully prayed for the Honorable Court to:

1. Order the defendant to compensate the plaintiff of [sic] the lot they are now occupying in accordance with the current market value existing in the place;
2. Order the defendant to pay the plaintiff moral and actual damages and unrealized profits in the amount of not less than P150,000.00;
3. Order the defendant to pay the exemplary damages of [sic] the amount of P10,000.00 and to pay the cost of suit;

Plaintiffs pray for other reliefs which are just and equitable under the premises.<sup>[8]</sup>

As agreed by the parties during pre-trial, a panel of commissioners – composed of one representative each from the parties, and a third from the court – was constituted for the purpose of determining the value of the subject lot.

After conducting their appraisal, the commissioners submitted their individual reports. Atty. Wenifredo Pornillos, commissioner for the respondents, recommended a valuation within the range of P1,000.00 to P1,500.00 per square meter. Lorenzo C. Orense, commissioner for NPC, did not set an amount, although he stated that the lot should be valued at the prevailing market prices of agricultural, and not residential, lands within the area. The court representative, Esteban D. Colarina, proposed a P1,100.00 per square meter valuation.<sup>[9]</sup>

### ***Ruling of the Regional Trial Court***

On February 21, 2003, the RTC rendered a Decision<sup>[10]</sup> pegging the value of the subject lot at P1,000.00 per square meter, thus:

WHEREFORE, premises considered, judgment is hereby rendered ordering defendant National Power Corporation to pay plaintiffs the total sum of P1,020,000.00, representing the value of plaintiffs' land expropriated by the defendant. All other claims in the complaint and in the answer with counterclaim are hereby dismissed.

SO ORDERED.<sup>[11]</sup>

### ***Ruling of the Court of Appeals***

NPC filed an appeal with the CA claiming that pursuant to Section 4, Rule

67 of the 1964 Rules of Court,<sup>[12]</sup> just compensation for the lot should have been computed based on its value at the time of the taking or the filing of the expropriation case (Civil Case No. IR-2243) in 1990, and prayed that the case be remanded to the lower court for further reception of evidence based on said Section 4, Rule 67 of the 1964 Rules of Court.

On June 17, 2011, the CA rendered the assailed Decision containing the following decretal portion:

WHEREFORE, premises considered, the instant appeal is DENIED. The assailed Decision [dated] 21 February 2003 rendered by the Regional Trial Court of Iriga City, Fifth Judicial Region, Branch 34 in Civil Case No. IR-2678 is hereby AFFIRMED.

SO ORDERED.<sup>[13]</sup>

The CA held that in the resolution of Civil Case No. IR-2678, the principles and rules of procedure in eminent domain cases – under Rule 67 of the 1964 Rules of Court – cannot apply; thus, the rule that just compensation shall be computed from the time of the taking or filing of the expropriation case is inapplicable, since the case is not one for expropriation. Instead, Civil Case No. IR-2678 should be treated as a simple case for the recovery of damages. Finally, the CA held that the trial court properly exercised its judicial function of ascertaining the fair market value of the property as just compensation.

NPC thus instituted the instant Petition.

### **Issues**

The Petition raises the following issues:

#### **I**

THE COURT OF APPEALS COMMITTED REVERSIBLE ERROR IN AFFIRMING THE COURT A QUO'S DECISION DATED FEBRUARY 21, 2003 IN CIVIL CASE NO. IR-2678 WHICH FIXED THE AMOUNT OF JUST COMPENSATION

FOR THE EXPROPRIATED PROPERTY OF RESPONDENTS AT P1,000.00 PER SQUARE METER IN CONTRAVENTION OF SECTION 4, RULE 67 OF THE REVISED RULES OF COURT WHICH PROVIDES THAT THE JUST COMPENSATION FOR THE EXPROPRIATED PROPERTY MUST BE DETERMINED EITHER AS OF THE DATE OF THE TAKING OF THE PROPERTY OR THE FILING OF THE COMPLAINT, WHICHEVER COMES FIRST.

## II

THE COURT OF APPEALS COMMITTED REVERSIBLE ERROR IN NOT REMANDING THE CASE TO THE COURT A QUO FOR THE PURPOSE OF DETERMINING THE AMOUNT OF JUST COMPENSATION FOR THE EXPROPRIATED PROPERTY IN ACCORDANCE WITH SECTION 4, RULE 67 OF THE REVISED RULES OF COURT.<sup>[14]</sup>

### ***Petitioner's Arguments***

In its Petition and Reply,<sup>[15]</sup> NPC insists that Section 4, Rule 67 of the 1964 Rules of Court should apply to Civil Case No. IR-2678; therefore, just compensation should be based not on 1995 market values, but on those prevailing on the date of taking or the filing of the expropriation case in 1990; that the dismissal without prejudice of the expropriation case did not necessarily nullify the proceedings in said case – specifically, the August 29, 1990 Order of expropriation/writ of condemnation, which became final and executory for failure of any of the parties to appeal the same – which proceedings for expropriation may continue through the present Civil Case No. IR-2678 for compensation and damages filed by respondents; and that the cited *National Power Corporation v. Court of Appeals*<sup>[16]</sup> case does not apply since the factual milieu is different, and it does not appear that the lot was damaged by NPC's entry therein.

NPC thus prays that the assailed CA disposition be set aside and that the case be remanded to the trial court for further proceedings to determine the proper amount of just compensation in accordance with Section 4, Rule 67 of the 1964 Rules of Court.

### ***Respondents' Arguments***

Praying that the Petition be denied for lack of merit, the respondents in their Comment<sup>[17]</sup> plainly echo the assailed CA Decision, adding that the trial court's basis for arriving at the proper amount of just compensation was correct as the market value of adjacent properties were taken into account. Respondents add that by agreeing to have the valuation determined by a panel of commissioners, NPC is bound by whatever findings such panel makes, and it may not raise the issue that valuation should be computed from the time of taking or filing of the expropriation case in 1990.

### **Our Ruling**

The Court grants the Petition.