

FIRST DIVISION

[G.R. No. 172852, January 30, 2013]

**CITY OF CEBU, PETITIONER, VS. APOLONIO M. DEDAMO, JR.,
RESPONDENT.**

R E S O L U T I O N

REYES, J.:

This is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court seeking to annul and set aside the Decision^[1] dated November 30, 2005 of the Court of Appeals (CA) ordering petitioner City of Cebu (petitioner) to pay twelve percent (12%) legal interest *per annum* on the unpaid balance of the just compensation paid to respondent Apolonio Dedamo, Jr. (respondent). Likewise assailed is the Resolution^[2] dated May 9, 2006 denying reconsideration.

The ensuing facts are not disputed.^[3]

The present controversy is an off-shoot of Civil Case No. CEB-14632 for eminent domain over two (2) parcels of land owned by spouses Apolonio and Blasa Dedamo (Spouses Dedamo), filed by the petitioner before the Regional Trial Court (RTC) of Cebu City, Branch 13, on September 17, 1993. The petitioner immediately took possession of the lots after depositing P51,156.00 with the Philippine National Bank pursuant to Section 19 of Republic Act No. 7160.^[4]

During the pendency of the case, or on December 14, 1994, the petitioner and Spouses Dedamo entered into a Compromise Agreement whereby the latter agreed to part with the ownership of the parcels of land in favor of the former in consideration of ONE MILLION SEVEN HUNDRED EIGHTY-SIX THOUSAND FOUR HUNDRED PESOS (P1,786,400.00) as provisional payment and just compensation in an amount to be determined by a panel of commissioners.

Forthwith, the panel was constituted and a report was submitted to the RTC recommending the sum of P20,826,339.50 as just compensation. The report was adopted and approved by the RTC in its Order dated December 27, 1996.^[5]

The RTC Order was affirmed by the CA and then by the Court, in a Decision dated May 7, 2002, when the matter was elevated for review in a petition docketed as G.R. No. 142971.

When the said decision became final and executory on September 20, 2002, the case was remanded for execution to the RTC, before which, a motion for the issuance of a writ of execution was filed by Spouses Dedamo on April 4, 2003. On May 16, 2003, the RTC granted the motion and ordered the issuance of the writ.

In the meantime, Spouses Dedamo passed away and they were substituted in the case by herein respondent.

On December 23, 2003, the petitioner paid the respondent the sum of P19,039,939.50 which is the difference between the just compensation due and the provisional payment already made.

On March 24, 2004, the respondent filed a *Manifestation and Motion* before the RTC to order the petitioner to pay interest on the just compensation computed from the time of actual taking of the lands.

On April 30, 2004, the RTC denied the motion and ruled that it can no longer amend a final and executory judgment that did not specifically direct the payment of legal interest. Adamant, the respondent sought recourse before the CA asserting that the petitioner is liable to pay: (a) 12% legal interest on the unpaid balance of the just compensation computed from the time of actual taking of the property up to the date of payment of just compensation; and (b) 12% legal interest from the time the decision awarding just compensation became final and executory on September 20, 2002 until its satisfaction on December 23, 2003.

The Ruling of the CA

In its Decision dated November 30, 2005, the CA rejected the respondent's first claim since the issue was belatedly raised during the execution stage and after the judgment of just compensation attained finality.

Nonetheless, the CA found the respondent's second contention meritorious. The CA awarded legal interest accruing from the time the RTC Order dated December 27, 1996 awarding just compensation was affirmed with finality by the Supreme Court up to the time of full payment thereof in line with the ruling in *Eastern Shipping Lines, Inc. v. Court of Appeals*^[6] that when a court judgment awarding a sum of money becomes final and executory, it shall earn legal interest of 12% per annum reckoned from such finality until satisfaction.

Accordingly, the decretal portion of the decision reads:

WHEREFORE, in view of the foregoing, the instant petition is partially GRANTED in that the resolution dated April 30, 2004 is MODIFIED to GRANT payment of legal interest of 12% per annum reckoned from the date of finality of the decision of the Supreme Court on May 2, 2002 up to the time full payment for the just compensation shall have been made.

No pronouncement as to cost.

SO ORDERED.^[7]

The CA effectively reiterated the above decision when it denied^[8] the petitioner's motion for reconsideration thereof. Both parties elevated the CA judgment to the Court. The respondent's petition was docketed as G.R. No. 172942 where he sought, in the main, that the 12% interest rate be reckoned from the date of taking of the property and not from the date of finality of the Decision dated May 7, 2002 in G.R. No. 142971. The Court denied his petition on August 22, 2006 for failure to