

## SECOND DIVISION

**[ G.R. Nos. 181566 and 181570, March 09, 2011 ]**

**DAVAO FRUITS CORPORATION, PETITIONER, VS. LAND BANK OF THE PHILIPPINES, RESPONDENT.**

### DECISION

**CARPIO, J.:**

#### The Case

This petition for review<sup>[1]</sup> assails the 28 August 2007 Consolidated Decision<sup>[2]</sup> and 17 December 2007 Resolution<sup>[3]</sup> of the Court of Appeals in CA-G.R. SP Nos. 75473 and 01008. In the 28 August 2007 Consolidated Decision, the Court of Appeals (1) set aside the 26 December 2002<sup>[4]</sup> and 28 January 2003 Orders<sup>[5]</sup> of the Regional Trial Court, Tagum City, Davao del Norte (Branch 2), sitting as Special Agrarian Court (SAC) and remanded the case to the SAC for trial on the merits; and (2) denied the contempt petition filed by petitioner Davao Fruits Corporation against Land Bank of the Philippines and its counsel. The 17 December 2007 Resolution denied the motion for reconsideration.

#### The Antecedents

Davao Fruits Corporation (DFC) owns a bamboo plantation consisting of ten (10) parcels of land with a total area of 101.4416 hectares located in Montevista, Province of Compostela Valley.<sup>[6]</sup> DFC voluntarily offered such lands for sale to the government under Republic Act No. (RA) 6657 or the Comprehensive Agrarian Reform Law of 1988 at not less than P300,000 per hectare or P30,432,480 for the entire property.

After DFC's submission of the transfer certificates of title covering the lands and other documents, the Department of Agrarian Reform (DAR) initiated the survey, subdivision, and cancellation of the individual titles in favor of the government.

Land Bank of the Philippines (LBP) is a government banking institution designated under Section 64<sup>[7]</sup> of RA 6657 as the financial intermediary of the agrarian reform program of the government. The DAR and LBP computed the value of the property at P4,055,402.85 for 101.4416 hectares.<sup>[8]</sup>

DFC rejected the valuation. Consequently, the Provincial Agrarian Reform Officer of Davao del Norte referred the issue on just compensation to the Department of Agrarian Reform Adjudication Board (DARAB), Office of the Regional Adjudicator for summary administrative proceedings.

During the proceedings, it was established that of 101.4416 hectares only 92.0625

hectares were planted with bamboo and the rest (9.371 hectares) was brush land. In his Decision of 26 April 2002,<sup>[9]</sup> DARAB Regional Adjudicator Norberto P. Sinsona fixed the price of the bamboo area at P300,000 per hectare because it was DFC's quoted price. For the brush land, the DARAB Regional Adjudicator fixed the value at P17,154.30 per hectare. Both DFC and LBP moved for reconsideration, which the DARAB Regional Adjudicator denied in an Order dated 30 September 2002.<sup>[10]</sup>

On 11 October 2002, LBP filed a petition<sup>[11]</sup> for the fixing of just compensation with the Regional Trial Court of Tagum City, Davao del Norte (Branch 2) sitting as SAC.

DFC moved to dismiss the petition,<sup>[12]</sup> arguing among others that LBP has no authority to sue on behalf of the Republic of the Philippines and question the valuation made by the DAR. LBP opposed the motion to dismiss.<sup>[13]</sup>

In an Order dated 26 December 2002, the SAC dismissed LBP's petition, reasoning that:

It appears that the two agencies do not work in harmony with each other because the petitioner questions the decision of an agency, which is also under the umbrella of the PARC. The lack of coordination between the two (2) agencies, which may frustrate the implementation program of the government, sends a wrong message to landowners and CARP beneficiaries. It could have been more logical if the landowners were the ones questioning the decision of the DAR Adjudicator. To say the least, the intention of the petition is to delay payment of just compensation, which has been properly adjudicated by the DAR Adjudicator.<sup>[14]</sup>

In an Order dated 28 January 2003,<sup>[15]</sup> the SAC denied LBP's motion for reconsideration.

On 11 February 2003, LBP filed a petition for review with the Court of Appeals,<sup>[16]</sup> docketed as CA-G.R. SP No. 75473, questioning the dismissal of its petition before the SAC. This case was consolidated with CA-G.R. SP No. 01008 involving a petition filed by DFC to cite LBP and its counsel in contempt for LBP's alleged violation of the rule against forum-shopping.

In its 28 August 2007 Consolidated Decision, the Court of Appeals set aside the SAC's dismissal of LBP's petition for determination of just compensation and at the same time denied the contempt petition against LBP and its counsel. The dispositive portion of the Court of Appeals' decision reads:

WHEREFORE, premises considered, the Petition for Review (CA-G.R. SP No. 75473) is GRANTED. The assailed December 26, 2002 and January 28, 2003 Orders of the Special Agrarian Court are hereby SET ASIDE. Let this case be REMANDED to the Special Agrarian Court for trial on the merits.

The Petition to Cite Petitioner Land Bank of the Philippines and Counsel

Danilo B. Beramo in Contempt of Court (CA-G.R. SP No. 01008) is DENIED and ordered DISMISSED.

SO ORDERED.<sup>[17]</sup>

In its 17 December 2007 Resolution, the Court of Appeals denied reconsideration.

Hence, DFC filed the instant petition assailing only the Court of Appeals' ruling in CA-G.R. SP No. 75473, and not the portion dismissing the contempt petition subject of CA-G.R. SP No. 01008.

### **The Court of Appeals' Ruling**

The Court of Appeals found no factual basis to support SAC's ruling that the conflicting views of the LBP and the DAR on the value of compensation "may frustrate the implementation of agrarian reform" and that the filing of the petition was intended to delay payment of just compensation. Further, the Court of Appeals rejected DFC's contention that LBP has no personality to sue and question the valuation fixed by the RARAD. The Court of Appeals cited Section 74 of RA 3844<sup>[18]</sup> and Section 64 of RA 6657<sup>[19]</sup> and the case of *Gabatin v. LBP*<sup>[20]</sup> in pointing out that LBP has the personality to file a petition for fixing of just compensation.

### **The Issue**

The sole issue in this case is whether the LBP has the personality to file a petition for determination of just compensation before the SAC.

### **The Court's Ruling**

The petition lacks merit.

DFC contends that in filing the petition for determination of just compensation, "the LBP acted as the expropriator [and] the dispenser of police power which are the sovereign powers of the State." DFC argues that the LBP has no authority to file an action for determination of just compensation "much less for the purpose of invalidating the finding of [the DAR] tasked to determine the initial valuation of lands covered by land reform."

We disagree.

The LBP is an agency created primarily to provide financial support in all phases of agrarian reform pursuant to Section 74 of RA 3844 or the Agricultural Reform Code and Section 64 of RA 6657 or the Comprehensive Agrarian Reform Law of 1988.<sup>[21]</sup> These provisions respectively state:

Section 74. Creation - To finance the acquisition by the Government of landed estates for division and resale to small landholders, as well as the purchase of the landholding by the agricultural lessee from the landowner, there is hereby established a body corporate to be known as the "Land Bank of the Philippines", hereinafter called the "Bank", which