

## FIRST DIVISION

[ G.R. No. 181847, May 05, 2010 ]

**PUBLIC ESTATES AUTHORITY NOW PHILIPPINE RECLAMATION AUTHORITY, PETITIONER, VS. ESTATE OF JESUS S. YUJUICO, REPRESENTED BY BENEDICTO V. YUJUICO AND EDILBERTO V. YUJUICO; AND AUGUSTO Y. CARPIO, RESPONDENTS.**

### D E C I S I O N

#### **CARPIO MORALES, J.:**

The present petition for review on certiorari is an offshoot of this Court's final and executory decision in *Public Estates Authority (PEA) v. Jesus S. Yujuico and Augusto Y. Carpio (2001 PEA Case)*<sup>[1]</sup> which settled the issue on overlapping parcels of land between petitioner on one hand, and Jesus S. Yujuico (Yujuico) and Augusto Y. Carpio (Carpio) on the other, by upholding the Compromise Agreement executed by the parties.

In the *2001 PEA Case*, the Court affirmed the dismissal of PEA's petition for relief from judgment questioning the Compromise Agreement approved by Branch 258 of the Regional Trial Court of Parañaque City, ruling that the petition was filed beyond the 60-day period allowed by Sec. 3, Rule 38 of the Rules of Court; and that it would not be right to allow a mere change of PEA's management to defeat the operation of the rules on reglementary period. The crux of the present controversy is the implementation of the Compromise Agreement which provides that, among other things:

c. The SECOND PARTY is also given the OPTION TO PURCHASE an additional 7.6 hectares of land and CBP 1-A. The land subject of the OPTION shall be located and identified in the area to be agreed upon by the parties under a separate arrangement.

i. The OPTION must be exercised within a period of three (3) years from the date this Compromise Agreement has been approved by the Court and the Compromise Judgment has been issued and become final.

ii. The value of the land subject of the OPTION **shall be based on the fair market value as determined by PEA on the date of the exercise of the OPTION.**

iii. The OPTION shall be exercisable in increments of 5,000 square meters.

- iv. In the event that the SECOND PARTY would develop the property at CBP-1A subject of their option, through a joint venture agreement or other business arrangements, the FIRST PARTY shall have the right of first refusal to develop the same.
- v. Within the option period, if the FIRST PARTY will have an offer to purchase or develop the property, the SECOND PARTY shall be notified by PEA and shall be required to match the offer. If the SECOND PARTY cannot match the offer, the PEA shall be free to sell or award the development to the offeror.<sup>[2]</sup> (emphasis and underscoring supplied)

On January 26, 1999, respondents informed petitioner of their intention to exercise the option to purchase.<sup>[3]</sup>

By Omnibus Motion of June 6, 2002,<sup>[4]</sup> Yujuico and Carpio, assisted by Benedicto V. Yujuico (Benedicto) acting as their attorney-in-fact, moved that the trial court issue an Order for, among other things, the appointment of three licensed real estate appraisers who shall submit a report on the fair market value of the subject property on the date of the exercise of the option to purchase stipulated in the Compromise Agreement; and the suspension of the three-year option period until the trial court's approval of the appraisers' report.

By letter of March 26, 2004,<sup>[5]</sup> however, petitioner set the terms and conditions for respondents' exercise of the option to purchase, thus:

1. Area: 7.6 hectares of land identified in the Subdivision Plan attached to the Compromise Agreement which are part and parcels of the undivided portions of Superblocks A, B and C of the CBP-IA Subdivision Plan covered by TCT Nos. 141653, 142194, 143079, 143080, 143081, 143665.

2. Period within which to purchase the whole 7.6 hectares: 122 days from the date of receipt of this letter.

x x x x

3. Purchase Price: Sixty Thousand Pesos (Php 60,000.00) per square meter or for the total amount of Four Billion Five Hundred Sixty Million Pesos, Philippine Currency (Php4,560,000,000.00).

x x x x

4. Mode of Payment: Cash basis only.

5. 5. Terms of Payment:

a. Down payment: Thirty percent (30%) of the entire amount due for the whole 7.6 hectares must be paid within thirty (30) days

from receipt of this letter at the principal office address of PEA.

b. Another thirty percent (30%) of the full amount of P4.56 Billion shall be paid within sixty (60) days from the date of receipt of this letter.

c. The remaining balance of forty percent (40%) of the entire amount of P4.56 Billion shall be paid within 122 days from the date of receipt of this letter.

x x x x

#### 8. Failure to Exercise the Option:

after the lapse of 122 days, your principals shall fail to pay the purchase price for the whole 7.6 hectares or any portion thereof, then the unpaid portions of the 7.6 hectares shall be free from your option to purchase which shall be deemed to have lapsed and with respect to which you shall execute on behalf of your principals a quitclaim deed.

Respondents did not heed petitioner's imposition of a 122-day period to exercise the option to purchase. Instead, they filed with the trial court a Supplemental Omnibus Motion<sup>[6]</sup> praying for an Order directing, among other things:

(B) PEA and BENEDICTO V. YUJUICO, Attorney-in-Fact of [herein respondents], (aa) to implement the OPTION TO PURCHASE the 7.6 Has. to be taken from PEA-CBP-IA with specific boundaries delineated by the parties as shown in ANNEX "B" hereof; (bb) to consider the actual condition of said 7.6 Has. and the prevailing real estate market on or about January 26, 1999, the date of the exercise of the OPTION, which was reiterated in subsequent letters to PEA in determining the fair, just and *bona fide* market price of said 7.6 Has. by the PEA; and (cc) which exercise of the OPTION is well within the 3-year period from the date the Court-approved Compromise Agreement became final as provided in Par. (c)(i) of the said Compromise Agreement.

In its Comment to the Motion,<sup>[7]</sup> petitioner contended that the determination of the fair market value of the property subject of the option to purchase had been lodged in it by the Compromise Agreement; and that the period for the exercise of the option had expired, respondents not having exercised the same within three years from the date the compromise judgment became final.

By Order of January 11, 2005,<sup>[8]</sup> the trial court denied respondents' Supplemental Omnibus Motion, holding that, among other things, it is petitioner which has the exclusive right to determine the fair market value of the land that respondents want to purchase pursuant to the Compromise Agreement.