

SECOND DIVISION

[G.R. No. 177511, June 29, 2010]

LAND BANK OF THE PHILIPPINES, PETITIONER, VS. FORTUNE SAVINGS AND LOAN ASSOCIATION, INC., REPRESENTED BY PHILIPPINE DEPOSIT INSURANCE CORPORATION, RESPONDENT.

D E C I S I O N

ABAD, J.:

This case is about the just compensation to which an owner of land taken under the Comprehensive Agrarian Reform Law is entitled, given such owner's failure to adduce evidence at the trial of the case.

The Facts and the Case

Respondent Fortune Savings and Loan Association, Inc. (Fortune Savings) owned a 4,230-square meter agricultural land in San Gregorio, Malvar, Batangas,^[1] that it acquired for P80,000.00 after foreclosing on the mortgage constituted on the land by one of its borrowers who defaulted on a P71,500.00 loan.

Fortune Savings offered to sell the property for P100,000.00 to the Department of Agrarian Reform (DAR) for inclusion in the Comprehensive Agrarian Reform Program (CARP). But petitioner Land Bank of the Philippines (Land Bank), the financial intermediary for the CARP,^[2] fixed the land's value at only P6,796.00. Rejecting this amount, Fortune Savings filed a summary administrative proceeding for the determination of just compensation with the DAR Adjudication Board (DARAB).

On March 3, 1999 DARAB rendered judgment, finding unreasonable Land Bank's valuation of the land and fixing its value at P93,060.00. Since the Land Bank received a copy of the decision on March 17, 1999, it had 15 days from that date or until April 1, 1999 within which to file an action with the appropriate Regional Trial Court (RTC) for judicial determination of just compensation.^[3]

But, because April 1 fell on Maundy Thursday, a public holiday, Land Bank was able to file a petition for the determination of just compensation before the RTC of Lipa City in Agrarian Case 99-0214 only on Monday, April 5, 1999. For Land Bank's failure to cause the service of summons, however, the RTC dismissed the case on December 14, 1999 without prejudice. Meanwhile, Fortune Savings ceased operations and was taken over by the Philippine Deposit Insurance Corporation as its liquidator.

On April 7, 2000 or four months after the RTC dismissed Agrarian Case 99-0214, Land Bank filed another petition for the determination of just compensation for the subject land in Agrarian Case 2000-0155. Because Fortune Savings failed to file a

responsive pleading, the RTC declared it in default. Land Bank presented its evidence *ex parte* and on May 30, 2002 the RTC rendered a decision, upholding Land Bank's valuation of the property at P6,796.00 based on a technical formula adopted by the DAR.

Fortune Savings appealed to the Court of Appeals (CA),^[4] arguing that the DARAB decision had already become final and executory and that the Land Bank valuation of P6,796.00, adopted by the RTC was erroneous. On August 29, 2006, the CA rendered judgment, reinstating the March 3, 1999 DARAB decision and its P93,060.00 valuation.^[5] The CA ruled that Land Bank incurred delay in filing only on April 5, 1999 its petition for the determination of just compensation in Agrarian Case 99-0214 and that, consequently, the DARAB decision became final and executory on April 1, 1999.

After the CA denied Land Bank's motion for reconsideration, the latter came to this Court through a petition for review on *certiorari*.

The Issues Presented

The issues presented in this case are:

1. Whether or not the CA erred in holding that, since Land Bank filed its original judicial action in Agrarian Case 99-0214 beyond the 15-day period set under Rule XIII, Section 11 of the DARAB Rules, the DARAB determination of just compensation became final and executory; and
2. Whether or not the CA erred in adopting the valuation fixed by DARAB for the property at P93,060.00 instead of the P6,796.00 established by Land Bank.

The Ruling of the Court

One. Land Bank points out that, in ruling that the bank filed Agrarian Case 99-0214 out of time, the CA disregarded the fact that April 1, 1999, the last day for it to file the petition, was a holiday, it being Maundy Thursday.

Fortune Savings, on the other hand, claims in its Comment that, even if Land Bank filed the case on time, the fact remains that the RTC dismissed the same for Land Bank's failure to serve summons. Fortune Savings' filing of another case--Agrarian Case 2000-0155--cannot operate as a continuance of Agrarian Case 99-0214 because it was an entirely different case altogether. Agrarian Case 2000-0155 did not operate to revive Agrarian Case 99-0214 nor did it give to Land Bank the benefit of having filed on time the action that the DARAB Rules contemplated.

Although the DAR is vested with primary jurisdiction under the Comprehensive Agrarian Reform Law of 1988 or CARL to determine in a preliminary manner the reasonable compensation for lands taken under the CARP, such determination is subject to challenge in the courts.^[6] The CARL vests in the RTCs, sitting as Special Agrarian Courts, original and exclusive jurisdiction over all petitions for the determination of just compensation.^[7] This means that the RTCs do not exercise mere *appellate* jurisdiction over just compensation disputes.^[8]