

SECOND DIVISION

[G.R. No. 180803, October 23, 2009]

LAND BANK OF THE PHILIPPINES, PETITIONER, VS. J. L. JOCSON AND SONS, RESPONDENT.

DECISION

CARPIO MORALES, J.:

Subject of the present controversy is a 27.3808-hectare portion (the property) of two (2) parcels of tenanted rice land located at Barangay Magallon Cadre, Moises Padilla, Negros Occidental, covered by Transfer Certificates of Title (TCT) Nos. T-72323 and T-72324 registered in the name of J. L. Jocson and Sons^[1] (respondent).

The property was placed under the coverage of the government's Operation Land Transfer^[2] (OLT) pursuant to Presidential Decree (P.D.) No. 27^[3] and awarded to the tenant-beneficiaries by the Department of Agrarian Reform (DAR), which valued the compensation therefor in the total amount of P250,563.80 following the formula prescribed in P.D. No. 27 and Executive Order (E.O.) No. 228.^[4]

The valuation was later increased to P903,637.03 after computing the 6% annual interest increment^[5] due on the property per DAR Administrative Order No. 13, series of 1994, which amount respondent withdrew in 1997, without prejudice to the outcome of the case it had filed hereunder to fix just compensation.

Finding the DAR's offer of compensation for the property to be grossly inadequate, respondent filed a complaint^[6] on July 18, 1997 before the Regional Trial Court of Bacolod City, Br. 46, sitting as a Special Agrarian Court (SAC), against the Land Bank (petitioner),^[7] the DAR, and the tenant-beneficiaries, for "Determination and Fixing of Just Compensation for the Acquisition of Land and Payment of Rentals."

The complaint prayed that petitioner and the DAR be ordered to compute the just compensation for the property in accordance with the guidelines laid down in Section 17 of Republic Act (R.A.) No. 6657^[8] or the *Comprehensive Agrarian Reform Law of 1988*.

In their respective Answers, petitioner and the DAR claimed that the property was acquired by the government under its OLT program and their valuation thereof constituted just compensation, having been made pursuant to the guidelines set by E.O. No. 228 and P.D. No. 27.

By Decision^[9] of May 19, 2003, the SAC, after noting the report contained in a Compliance^[10] submitted on February 29, 2000 of the Commissioners^[11] appointed to receive and evaluate evidence on the amount of compensation to be paid to

respondent, fixed the just compensation at P2,564,403.58^[12] (inclusive of the P903,637.03 earlier withdrawn).

In arriving at the just compensation, the SAC adopted a higher valuation (P93,657.00/hectare) which the DAR had applied to a similar landholding belonging to one Pablo Estacion adjacent to respondent's. Thus the SAC disposed:

WHEREFORE, premises considered, judgment is hereby rendered ordering defendant Land Bank of the Philippines to pay plaintiff the total amount of P1,660,766.55.

No pronouncement as to costs.

SO ORDERED.^[13]

Both petitioner and the DAR filed motions for reconsideration of the SAC Decision but the same were denied,^[14] prompting petitioner to appeal to the Court of Appeals^[15] via petition for review^[16] pursuant to Section 60^[17] of R.A. No. 6657 *vis a vis* Rule 42 of the Revised Rules of Court.

Assailing the SAC's decision fixing the amount of just compensation for respondent's properties at P2,564,403.58 as a violation of P.D. No. 27 and E.O. No. 228, petitioner insisted that the SAC erred in using P300.00 as the government support price (GSP) in 1992, instead of P35.00 as provided under E.O. No. 228, considering that respondent's property was acquired under OLT pursuant to P.D. No. 27.

The appellate court dismissed petitioner's petition for review for lack of jurisdiction. It held that aside from the fact that the SAC's factual findings were not controverted, the main issue - whether P.D. No. 27 and E.O. No. 228, as claimed by petitioner, or R.A. No. 6657, as claimed by respondent, should govern in determining the value of the property - involved pure questions of law and, as such, cognizable only by this Court.^[18]

Its Motion for Reconsideration having been denied,^[19] the present petition for review was filed, petitioner arguing that "the allegations in petitioner LBP's Petition for Review filed with the Court of Appeals raise mixed questions of fact and law, . . . [hence,] cognizable by the Court of Appeals."^[20]

The petition is partly impressed with merit.

Gabatin v. Land Bank of the Philippines^[21] reiterated the settled rule that a petition for review under Rule 42 of the Revised Rules of Court, and not an ordinary appeal under Rule 41, is the appropriate mode of appeal from decisions of RTCs acting as SACs. In *Gabatin*, the Court sustained the appellate court's assumption of jurisdiction over an appeal from the SAC even if its dismissal had been sought on the ground that the issues presented before the appellate court were purely legal in nature. Also *apropos* is this Court's ruling in *Land Bank of the Philippines v. De Leon*:^[22]

Third, far from being in conflict, Section 61 of RA 6657 can easily be harmonized with Section 60. The reference to the Rules of Court means that the specific rules for petitions for review in the Rules of Court and other relevant procedures in appeals filed before the Court of Appeals shall be followed in appealed decisions of Special Agrarian Courts. Considering that RA 6657 cannot and does not provide the details on how the petition for review shall be conducted, a suppletory application of the pertinent provisions of the Rules of Court is necessary. In fact, Section 61 uses the word "review" to designate the mode by which the appeal is to be effected. The reference therefore by Section 61 to the Rules of Court only means that the procedure under Rule 42 for petitions for review is to be followed for appeals in agrarian cases. (Underlining supplied.)

Clearly, jurisdiction over appeals from decisions of the SAC resides in the Court of Appeals *via* a Rule 42 petition for review, which may raise either questions of fact, or of law, or mixed questions of fact and law.^[23]

AT ALL EVENTS, this Court resolves to exercise its mandate as a court of justice and equity,^[24] taking into account that more than a decade has passed since the case was filed before the SAC, and thus disposes of the lone substantive issue raised - whether the SAC erred in using P300.00 as the GSP in 1992.

Petitioner maintains that the SAC erred in adopting such GSP rate in determining just compensation for rice and corn lands; and that the factual question brought before the appellate court for resolution is: "What is the GSP that must be used in valuing subject property? Is it THIRTY FIVE PESOS (Php 35.00), as mandated under P.D. No. 27/E.O. No. 228? Or THREE HUNDRED PESOS (Php 300.00), the alleged GSP for 1992?"^[25]

What petitioner essentially assails is the SAC's application of R.A. No. 6657 in the valuation of properties acquired under P.D. No. 27's OLT.

Citing *National Power Corp. v. Gutierrez*,^[26] petitioner argues that the determination of just compensation should be based on the value of the land at the time it was taken by the government, and since it is not disputed that respondent's property falls under the coverage of OLT, then P.D. No. 27 should apply *vis a vis* Section 2 of E.O. No. 228 which laid down the formula for determining the value of remaining unvalued rice and corn lands subject to P.D. No. 27, to wit:

SECTION 2. Henceforth, the valuation of rice and corn lands covered by P.D. No. 27 shall be based on the average gross production determined by the Barangay Committee on Land Production in accordance with Department Memorandum Circular No. 26, Series of 1973, and related issuances and regulations of the Department of Agrarian Reform. The average gross production per hectare shall be multiplied by two and a half (2.5), the product of which shall be multiplied by Thirty Five Pesos (P35.00), the government support price for one cavan of 50 kilos of palay on October 21, 1972, or Thirty One Pesos (P31.00), the government support price for one cavan of 50 kilos of corn on October 21, 1972, and the amount arrived at shall be the value of the rice and corn land, as the

case may be, for the purpose of determining its cost to the farmer and compensation to the landowner.

Petitioner's interpretation is flawed. In the recent case of *Land Bank of the Philippines v. Chico*,^[27] the Court declared in no uncertain terms that R.A. No. 6657 is the relevant law for determining just compensation after noting several decided cases^[28] where the Court found it more equitable to determine just compensation based on the value of the property *at the time of payment*. This was a clear departure from the Court's earlier stance in *Gabatin v. Land Bank of the Philippines*^[29] where it declared that the reckoning period for the determination of just compensation is the time when the land was taken applying P.D. No. 27 and E.O. No. 228.

P.D. No. 27/E.O. No. 228 *vis a vis* R.A. No. 6657 was applied to cases involving lands placed under the coverage of P.D. No. 27/E.O. No. 228 where payment of just compensation had not been completed. When in the *interim* R.A. No. 6657 was passed before the full payment of just compensation, as in the case at bar, the provisions of R.A. No. 6657 on just compensation control.^[30]

Discussing the retroactive application of the provisions of R.A. No. 6657 for lands yet to be paid by the government although expropriated under P.D. No. 27, this Court in *Land Bank of the Philippines v. Estanislao*^[31] ratiocinated:

Petitioner, citing *Gabatin v. Land Bank of the Philippines*, contends that the taking of the subject lots was deemed effected on October 21, 1972, when respondents were, under P.D. No. 27 deprived of ownership over the subject lands in favor of qualified beneficiaries.

Petitioner further contends that the fixing of the value of the land under E.O. 228, using the government support price of P35 for one cavan of 50 kilos of palay as of October 21, 1972, was in keeping with the settled rule that just compensation should be based on the value of the property at the time of taking.

The petition is bereft of merit.

This Court held in *Land Bank of the Philippines v. Natividad* that seizure of landholdings or properties covered by P.D. No. 27 did not take place on October 21, 1972, but upon the payment of just compensation. Taking into account the passage in 1988 of R.A. No. 6657 pending the settlement of just compensation, this Court concluded that it is R.A. No. 6657 which is the applicable law, with P.D. No. 27 and E.O. 228 having only suppletory effect.

Land Bank's contention that the property was acquired for purposes of agrarian reform on October 21, 1972, the time of the effectivity of PD 27, ergo just compensation should be based on the value of the property as of that time and not at the time of possession in 1993, is likewise erroneous. In *Office of the President, Malacañang, Manila v. Court of*