

THIRD DIVISION

[G.R. No. 157206, June 27, 2008]

LAND BANK OF THE PHILIPPINES PETITIONER, VS. SPOUSES PLACIDO ORILLA AND CLARA DY ORILLA, RESPONDENTS.

DECISION

NACHURA, J.:

"Without doubt, justice is the supreme need of man. Man can endure without food for days, but if he is deprived even with the least injustice, he can be that violent to give up his life for it. History will tell us that many great nations had emerged in the past, yet they succumbed to downfall when their leaders had gone so immorally low that they could not anymore render justice to their people. In our times, we are witnesses to radical changes in our society rooted on alleged injustice. The only hope is in the courts as the last bulwark of democracy being the administrator of justice and the legitimate recourse of their grievances."^[1]

The Facts

This is an appeal via a petition^[2] for review on *certiorari* under Rule 45 of the Rules of Court of the Decision^[3] of the Court of Appeals dated July 29, 2002 in CA-G.R. SP No. 63691 entitled "*Land Bank of the Philippines v. Hon. Venancio J. Amila, in his capacity as Presiding Judge, Regional Trial Court, Branch 3, Tagbilaran City, Spouses Placido Orilla and Clara Dy Orilla.*" Said Decision affirmed the Order^[4] dated December 21, 2000 of the Regional Trial Court (RTC), Branch 3, Tagbilaran City, sitting as a Special Agrarian Court (SAC) in Civil Case No. 6085.

Spouses Placido and Clara Orilla (respondents) were the owners of Lot No. 1, 11-12706, situated in Bohol, containing an area of 23.3416 hectares and covered by Transfer Certificate of Title No. 18401. In the latter part of November 1996, the Department of Agrarian Reform Provincial Agrarian Reform Office (DAR-PARO) of Bohol sent respondents a Notice of Land Valuation and Acquisition dated November 15, 1996 informing them of the compulsory acquisition of 21.1289 hectares of their landholdings pursuant to the Comprehensive Agrarian Reform Law (Republic Act [RA] 6657) for P371,154.99 as compensation based on the valuation made by the Land Bank of the Philippines (petitioner).

Respondents rejected the said valuation. Consequently, the Provincial Department of Agrarian Reform Adjudication Board (Provincial DARAB) conducted a summary hearing on the amount of just compensation. Thereafter, the Provincial DARAB affirmed the valuation made by the petitioner.

Unsatisfied, respondents filed an action for the determination of just compensation before the Regional Trial Court (as a Special Agrarian Court [SAC]) of Tagbilaran City. The case was docketed as Civil Case No. 6085 and was raffled to Branch 3.

After trial on the merits, the SAC rendered a Decision^[5] dated November 20, 2000, the dispositive portion of which reads -

WHEREFORE, judgment is hereby rendered fixing the just compensation of the land of petitioner subject matter of the instant action at P7.00 per square meter, as only prayed for, which shall earn legal interest from the filing of the complaint until the same shall have been fully paid. Furthermore, respondents are hereby ordered to jointly and solidarily indemnify the petitioners their expenses for attorney's fee and contract fee in the conduct of the appraisal of the land by a duly licensed real estate appraiser Angelo G. Fajardo of which petitioner shall submit a bill of costs therefor for the approval of the Court.

SO ORDERED.^[6]

On December 11, 2000, petitioner filed a Notice of Appeal.^[7] Subsequently, on December 15, 2000, respondents filed a Motion for Execution Pending Appeal^[8] pursuant to Section 2, Rule 39 of the 1997 Rules of Civil Procedure and the consolidated cases of "*Landbank of the Philippines v. Court of Appeals, et al.*"^[9] and "*Department of Agrarian Reform v. Court of Appeals, et al.*"^[10] Respondents claimed that the total amount of P1,479,023.00 (equivalent to P7.00 per square meter for 21.1289 hectares), adjudged by the SAC as just compensation, could then be withdrawn under the authority of the aforementioned case.

Meanwhile, on December 18, 2000, the DAR filed its own Notice of Appeal^[11] from the SAC Decision dated November 20, 2000. The DAR alleged in its Notice that it received a copy of the SAC Decision only on December 6, 2000.

On December 21, 2000, the SAC issued an Order^[12] granting the Motion for Execution Pending Appeal, the decretal portion of which reads -

WHEREFORE, the herein motion is granted and the petitioners are hereby ordered to post bond equivalent to one-half of the amount due them by virtue of the decision in this case. The respondent Land Bank of the Philippines, is therefore, ordered to immediately deposit with any accessible bank, as may be designated by respondent DAR, in cash or in any governmental financial instrument the total amount due the petitioner-spouses as may be computed within the parameters of Sec. 18(1) of RA 6657. Furthermore, pursuant to the Supreme Court decisions in "*Landbank of the Philippines vs. Court of Appeals, et al.*" G.R. No. 118712, promulgated on October 6, 1995 and "*Department of Agrarian Reform vs. Court of Appeals, et al.*," G.R. No. 118745, promulgated on October 6, 1995, the petitioners may withdraw the same for their use and benefit consequent to their right of ownership thereof.^[13]

On December 25, 2000, respondents filed a Motion for Partial Reconsideration^[14] of the amount of the bond to be posted, which was later denied in an Order^[15] dated January 11, 2001.

Petitioner filed a Motion for Reconsideration^[16] on December 27, 2000, which was

likewise denied in an Order^[17] dated December 29, 2000.

On March 13, 2001, petitioner filed with the Court of Appeals a special civil action^[18] for *certiorari* and prohibition under Rule 65 of the Rules of Court with prayer for issuance of a temporary restraining order and/or preliminary injunction. It questioned the propriety of the SAC Order granting the execution pending appeal. Respondents and the presiding judge of the SAC, as nominal party, filed their respective comments^[19] on the petition.

In its Decision dated July 29, 2002, the Court of Appeals dismissed the petition on the ground that the assailed SAC Order dated December 21, 2000 granting execution pending appeal was consistent with justice, fairness, and equity, as respondents had been deprived of the use and possession of their property pursuant to RA 6657 and are entitled to be immediately compensated with the amount as determined by the SAC under the principle of "prompt payment" of just compensation.

Petitioner filed a Motion for Reconsideration of the Court of Appeals Decision, but the same was denied in a Resolution dated February 5, 2003. Hence, this appeal.

Petitioner anchors its petition on the following grounds:

- I. THE COURT OF APPEALS GRAVELY ERRED IN RULING THAT THE RESPONDENTS WERE ENTITLED TO EXECUTION PENDING APPEAL OF THE COMPENSATION FIXED BY THE SAC BASED ON THE PRINCIPLE OF PROMPT PAYMENT OF JUST COMPENSATION, EVEN THOUGH THE PRINCIPLE OF PROMPT PAYMENT IS SATISFIED BY THE PAYMENT AND IMMEDIATE RELEASE OF THE PROVISIONAL COMPENSATION UNDER SECTION 16(E) OF RA 6657, UPON SUBMISSION OF THE LEGAL REQUIREMENTS, IN ACCORDANCE WITH THE RULING OF THIS HONORABLE COURT IN THE CASE OF "*LAND BANK OF THE PHILIPPINES V. COURT OF APPEALS, PEDRO L. YAP, ET AL.*," G.R. NO. 118712, OCTOBER 6, 1995 AND JULY 5, 1996, AND NOT BY EXECUTION PENDING APPEAL OF THE COMPENSATION FIXED BY THE SAC.

- II. THE COURT OF APPEALS GRAVELY ABUSED ITS DISCRETION IN UPHOLDING THE SAC ORDER FOR EXECUTION PENDING APPEAL WHICH WAS ISSUED WITHOUT ANY GOOD REASON RECOGNIZED UNDER EXISTING JURISPRUDENCE AND PROPER HEARING AND RECEPTION OF EVIDENCE IN VIOLATION OF SECTION 2(A), RULE 39 OF THE RULES OF COURT.

For its first ground, petitioner asserts that, according to our ruling in *Land Bank of the Philippines v. Court of Appeals*,^[20] the principle of "prompt payment" of just compensation is already satisfied by the concurrence of two (2) conditions: (a) the deposits made by petitioner in any accessible bank, equivalent to the DAR/LBP valuation of the expropriated property as provisional compensation, must be in cash and bonds as expressly provided for by Section 16(e) of RA 6657, not merely earmarked or reserved in trust; and (b) the deposits must be immediately released to the landowner upon compliance with the legal requirements under Section 16^[21]

of RA 6657, even pending the final judicial determination of just compensation.

Anent the second ground, petitioner argues that the good reasons cited by the SAC, as affirmed by the Court of Appeals, namely: "(1) that execution pending appeal would be in consonance with justice, fairness, and equity considering that the land had long been taken by the DAR; (2) that suspending the payment of compensation will prolong the agony that respondents have been suffering by reason of the deprivation of their property; and (3) that it would be good and helpful to the economy" are not valid reasons to justify the execution pending appeal, especially because the execution was granted without a hearing.

This appeal should be denied.

As the issues raised are interrelated, they shall be discussed jointly.

Execution of a judgment pending appeal is governed by Section 2(a) of Rule 39 of the Rules of Court, to wit:

SEC. 2. Discretionary execution. -

(a) Execution of a judgment or a final order pending appeal. -- On motion of the prevailing party with notice to the adverse party filed in the trial court while it has jurisdiction over the case and is in possession of either the original record or the record on appeal, as the case may be, at the time of the filing of such motion, said court may, in its discretion, order execution of a judgment or final order even before the expiration of the period to appeal.

x x x x

Discretionary execution may only issue upon good reasons to be stated in a special order after due hearing.

As provided above, execution of the judgment or final order pending appeal is discretionary. As an exception to the rule that only a final judgment may be executed, it must be strictly construed. Thus, execution pending appeal should not be granted routinely but only in extraordinary circumstances.

The Rules of Court does not enumerate the circumstances which would justify the execution of the judgment or decision pending appeal. However, we have held that "good reasons" consist of compelling or superior circumstances demanding urgency which will outweigh the injury or damages suffered should the losing party secure a reversal of the judgment or final order. The existence of good reasons is what confers discretionary power on a court to issue a writ of execution pending appeal. These reasons must be stated in the order granting the same. Unless they are divulged, it would be difficult to determine whether judicial discretion has been properly exercised.^[22]

In this case, do good reasons exist to justify the grant by the SAC of the motion for execution pending appeal? The answer is a resounding YES.

The expropriation of private property under RA 6657 is a revolutionary kind of

expropriation,^[23] being a means to obtain social justice by distributing land to the farmers, envisioning freedom from the bondage to the land they actually till. As an exercise of police power, it puts the landowner, not the government, in a situation where the odds are practically against him. He cannot resist it. His only consolation is that he can negotiate for the amount of compensation to be paid for the property taken by the government. As expected, the landowner will exercise this right to the hilt, subject to the limitation that he can only be entitled to "just compensation." Clearly therefore, by rejecting and disputing the valuation of the DAR, the landowner is merely exercising his right to seek just compensation.^[24]

In this case, petitioner valued the property of respondents at P371,154.99 for the compulsory acquisition of 21.1289 hectares of their landholdings. This amount respondents rejected. However, the same amount was affirmed by the DAR after the conduct of summary proceedings. Consequently, respondents brought the matter to the SAC for the determination of just compensation. After presentation of evidence from both parties, the SAC found the valuation of the LBP and the DAR too low and pegged the "just compensation" due the respondents at P7.00 per square meter, or a total of P1,479,023.00 for the 21.1289 hectares. In determining such value, the SAC noted the following circumstances:

1. the nearest point of the land is about 1.5 kilometers from Poblacion Ubay;
2. the total area of the land based on the sketch-map presented by the MARO is 23.3416 hectares.
3. the land is generally plain, sandy loam, without stones, rocks or [pebbles];
4. the land is adjoining the National Highway of Ubay-Trinidad, Bohol;
5. 11.4928 hectares of the land is devoted to planting rice, which portion is rain-fed and produces 60-80 cavans of rice per hectare with two (2) harvest seasons a year;
6. four (4) hectares is planted with 210 fruit-bearing coconut trees, which private respondents used to receive a share of P1,500.00 per harvest four (4) times a year;
7. five (5) hectares is cogonal but now most area is planted with cassava;
8. the area is traversed with electricity providing electric power to some occupants;
9. across the National Highway, about 200 meters away from the landholding, is an irrigation canal of the National Irrigation Administration (NIA);
10. the Ubay Airport is about two (2) kilometers from the landholding;