

## SECOND DIVISION

[ G.R. NO. 168122, January 30, 2007 ]

**ROMONAFE CORPORATION, PETITIONER, S. NATIONAL POWER CORPORATION AND VINE DEVELOPMENT CORPORATION,\*  
RESPONDENTS.**

### DECISION

**CARPIO MORALES, J.:**

Respondent National Power Corporation (NPC), a government owned and controlled corporation, filed on July 12, 1995 a complaint<sup>[1]</sup> for eminent domain with the Regional Trial Court (RTC) of Imus, Cavite against Romonafe Corporation (Romonafe), herein petitioner, and Vine Development Corporation (Vine), docketed as Civil Case No. 1140-95. The complaint covered 48,103.12 square meters of property belonging to Romonafe and 96,963.38 square meters of property belonging to Vine, all located in Barangay San Agustin, Dasmariñas, Cavite.

On January 26, 1996, Branch 21 of the Imus RTC issued a writ of possession<sup>[2]</sup> in favor of NPC, on account of which the NPC took possession of the property of both Romonafe and Vine on February 12, 1996.<sup>[3]</sup>

On December 3, 1996, the trial court designated commissioners to determine the just compensation for the properties.<sup>[4]</sup>

By Commissioner's Valuation Report<sup>[5]</sup> submitted on February 18, 1997, the commissioners recommended just compensation of P3,500 per square meter for the Romonafe property.

To the Commissioner's Valuation Report, the NPC filed its Comment/Opposition,<sup>[6]</sup> assailing the valuation for "having used as basis the present (1997) market value of the property instead of the market value on July 12, 1995, the time of the filing of the complaint."<sup>[7]</sup> The NPC cited October 25, 1995 Resolution No. 08-95 of the Provincial Appraisal Committee (PAC) of Cavite which assessed the property of Romonafe at P1,500 per square meter and that of Vine at P2,000 per square meter.<sup>[8]</sup>

By Commissioner's Valuation Report<sup>[9]</sup> submitted on July 11, 1997, the commissioners gave the property of Vine assessed value of P3,500 per square meter as of June 1, 1997.

Romonafe filed its Reply to [the NPC] Opposition<sup>[10]</sup> to the Commissioners Valuation Report, manifesting that on account of its letter dated June 9, 1997 seeking reconsideration of above-cited October 25, 1995 Resolution No. 08-95, the PAC

issued Resolution No. 07-97<sup>[11]</sup> assessing its property at P3,500 per square meter.

By Decision<sup>[12]</sup> of September 5, 1997, the trial court, declaring that the parcels of land of Romonafe and Vine had been lawfully expropriated and now belonged to the NPC to be used for public purpose, disposed:

x x x x

The plaintiff is hereby ordered to pay the defendants, through the Branch Clerk of this Court, the fair market value of the property at **P3,500.00 per square meter**, that is, for defendant Vine Development Corporation, the total sum of P339,371,830.00 and for defendant Romonafe Corporation, the total sum of P168,360,920.00, plus legal rate of interest – i.e. 6% per annum – starting from the time the plaintiff took possession of the property up to the time the full amount shall have been paid.

The commissioner's fee is hereby fixed at P10,000.00 per commissioner, to be paid by the plaintiff.

The Branch Clerk of this Court is hereby ordered to have a certified copy of this decision be registered in the Office of the Registry of Deeds of Cavite.

SO ORDERED.<sup>[13]</sup> (Emphasis and underscoring supplied)

The NPC thus filed on October 1, 1997 a Notice of Appeal<sup>[14]</sup> to the Court of Appeals. The appeal, docketed as CA-G.R. No. CV-57710, was entitled "*National Power Corporation v. Vine Development Corporation, represented by its President Vicente C. Ponce and Romonafe Corporation, represented by its President Oscar F. Tirona.*"

During the pendency of the appeal or on June 22, 1998, the appellate court received a Compromise Agreement<sup>[15]</sup> dated June 8, 1998 forged by NPC and Romonafe whereby NPC agreed to pay Romonafe P3,500 per square meter of its property and Romonafe agreed to sell NPC 27,293.88 square meters in addition to the 48,103.12 square meters originally expropriated, as well as a discount of P4,092,810.40 on the P284,092,810.40 total payable amount inclusive of interest.

The Office of the Solicitor General (OSG), in compliance with the appellate court's order, filed its Comment on the Compromise Agreement forged between NPC and Romonafe. It questioned the agreement to pay Romonafe on the basis of the 1997 valuation of its property at P3,500 per square meter as "contrary to decisional law."<sup>[16]</sup> In a Supplemental Comment,<sup>[17]</sup> the OSG informed the appellate court that the attorneys who signed the agreement were not authorized to sign on its behalf.<sup>[18]</sup>

By Resolution of January 19, 1999, the appellate court dismissed NPC's appeal in this wise:

At the hearing of this case on December 10, 1998, the Honorable Ricardo P. Galvez, Solicitor General, appeared personally and moved for the

dismissal of the case on the ground that the authority of the lawyers of the National Power Corporation to appear as Special Attorneys of the Solicitor General is limited to cases before the lower courts (RTCs and MTCs). He also invokes the provisions of the Administrative Code (Section 35(1) Chapter 12, Title III, Book IV) that said lawyers have no authority to appear before this Court.

**WHEREFORE**, without objection on the part of all the parties in this case, the instant appeal is **DISMISSED**.<sup>[19]</sup> (Emphasis in the original; underscoring supplied)

To the dismissal the NPC filed a Motion for Reconsideration, arguing that the OSG did not move for the dismissal of the appeal and had, in fact, earlier manifested on December 11, 1998 that the OSG-deputized counsels had the authority to file notices of appeal.<sup>[20]</sup>

Its motion for reconsideration having been denied,<sup>[21]</sup> NPC filed a Petition<sup>[22]</sup> for Review on Certiorari with this Court, docketed as G.R. No. 137785, entitled "*National Power Corporation v. Vine Development Corporation, represented by Vicente C. Ponce and Romonafe Corporation, represented by Oscar F. Tirona.*"

In the meantime, also during the pendency of G.R. No. 137785, the OSG submitted on June 9, 1999 to this Court a Partial Compromise Agreement<sup>[23]</sup> between the NPC and Vine whereby, among other things, Vine reduced the value of its property from P3,500 to P3,400 per square meter, gave NPC a discount of 20% on the interest awarded by the trial court, and acceded to the request of the NPC for an additional area of 5,499.62 square meters and for the aggregate payment (totaling P128,530,200.00) for the three parcels of land to be "part of the down payment approved by the National Power Board in favor of respondent Vine Development Corporation under NP Board Resolution No. 98-91 confirmed on April 27, 1998 and NP Board Resolution No. 98-97 x x x."<sup>[24]</sup>

By Decision of September 4, 2000, this Court, in G.R. No. 137785, "invalidated" the signatures of NPC lawyers in the Compromise Agreement between NPC and Romonafe,<sup>[25]</sup> for lack of authority to bind NPC. It then remanded to the appellate court NPC's appeal from the trial court's Decision of September 5, 1995 for disposition on the merits.<sup>[26]</sup>

By Decision<sup>[27]</sup> of November 10, 2004, the appellate court nullified the June 8, 1998 Compromise Agreement between NPC and Romonafe as being contrary to the *B.H. Berkenkotter & Co. v. Court of Appeals*<sup>[28]</sup> ruling that just compensation should be ascertained at the time of the filing of the complaint, adding that it was disadvantageous to the government. And it fixed the market value of Romonafe's property at P1,500 per square meter.<sup>[29]</sup> Thus it disposed:

**WHEREFORE**, premises considered, the assailed 05 September 1997 Decision of the court a quo in Civil Case No. 1140-95 is hereby **SET ASIDE** and **NULLIFIED** for being contrary to law and jurisprudence.

The *Compromise Agreement* dated 08 June 1998 [between National

Power Corporation and Romonafe] is also decreed **NULL** and **VOID** for being disadvantageous to the Government, thus, against public policy.

In lieu thereof, it is further decreed by this Court that the fair market value of the expropriated parcel of land be fixed at **P1,500.00 per square meter**.<sup>[30]</sup> (Emphasis and italics in the original; underscoring supplied)

Its Motion for Reconsideration<sup>[31]</sup> having been denied,<sup>[32]</sup> Romonafe filed the instant Petition for Review<sup>[33]</sup> against NPC and erroneously against Vine, positing as follows:

I. IT IS GRAVE ERROR FOR THE COURT OF APPEALS TO NULLIFY AND DECLARE VOID THE COMPROMISE AGREEMENT BETWEEN NPC AND ROMONAFE XXX

X X X X

II. IT IS GRAVE ERROR FOR THE COURT OF APPEALS TO REFUSE TO RENDER A DECISION ON ALL ISSUES PRESENTED BY THE SOLICITOR GENERAL ON APPEAL, WHICH INCLUDES A DETERMINATION OF THE COMPROMISE AGREEMENT BETWEEN NPC AND VINE DEVELOPMENT CORPORATION.

III. IT IS GRAVE ABUSE OF DISCRETION FOR THE COURT OF APPEALS TO REFUSE TO RECONSIDER ITS RESOLUTION, WHICH REFUSAL AMOUNTS TO A CONDONATION OF THE UNDUE DISCRIMINATION AND PARTIALITY OF THE SOLICITOR GENERAL IN FAVOR OF VINE DEVELOPMENT CORPORATION, A REFUSAL TANTAMOUNT TO EVASION OF POSITIVE DUTY AND A REFUSAL TO PERFORM THE ENJOINED DUTY TO UPHOLD THE LAW AND THE CONSTITUTION.

<sup>[34]</sup> (Underscoring supplied)

NPC notes in its Comment<sup>[35]</sup> the silence of the appellate court's decision on the Partial Compromise Agreement forged between NPC and Vine which was, as priorly stated, submitted before this Court on March 19, 1999 during the pendency of G.R. No. 137785 and which Partial Agreement was, by NPC's information, submitted before the appellate court. The NPC thus prays that this Court consider the said Partial Compromise Agreement in the resolution of this case.

Just compensation is to be determined as of the date of the taking of the property or the filing of the complaint whichever comes first.<sup>[36]</sup> In the case at bar, just compensation should thus be determined as of July 12, 1995 when the expropriation case was filed before the trial court.

The Commissioners Valuation Report – upon which the trial court's decision, as well as the Compromise Agreement between NPC and Romonafe, was based – took into account, in appraising the value of Romonafe's property, among other considerations, "desirability, neighborhood, utility, size and time element, the prevailing market value [at] **the time of the appraisal of the property.**"<sup>[37]</sup>