

THIRD DIVISION

[G.R. NO. 164195, February 06, 2007]

**APO FRUITS CORPORATION AND HIJO PLANTATION, INC.,
PETITIONERS, VS. THE HON. COURT OF APPEALS AND LAND
BANK OF THE PHILIPPINES, RESPONDENTS.**

D E C I S I O N

CHICO-NAZARIO, J.:

Apo Fruits Corporation (AFC) and Hijo Plantation, Inc. (HPI) are the registered owners of five parcels of agricultural lands located in San Isidro, Tagum, Davao Province, to wit:

APO FRUITS CORPORATION

<u>Transfer Certificate of Title (TCT).^[1] No.</u>	<u>Area (Ha.)</u>
T-113359 ^[2]	115.2179
T-113366 ^[3]	525.1304

HIJO PLANTATION, INC.^[4]

<u>TCT No.</u>	<u>Area (Ha.)</u>
T-10361	155.8408
T-10362	170.7980
T-10363	478.8920 ^[5]

On 12 October 1995, AFC and HPI voluntarily offered to sell the above parcels of land to the government.^[6] After the initial processing at the Department of Agrarian Reform (DAR) of the Voluntary Offer to Sell (VOS)^[7] application of AFC and HPI, it was referred to the Land Bank of the Philippines (LBP) for initial valuation. On 16 October 1996, AFC and HPI received separately from the DAR's Provincial Agrarian Reform Officer (PARO) of Davao province a notice of land acquisition and valuation, informing AFC that the value of the properties has been placed at P86,900,925.88 or P165,484.47 per hectare^[8] while HPI's properties were valued at P164,478,178.14.^[9] Both AFC and HPI considered the valuations unreasonably low and inadequate as just compensation for the properties.

On 5 November 1996, AFC rejected the valuation for both TCTs No. T-113366 and No.113359.^[10] AFC applied for the shifting of the mode of acquisition for TCT No. 113359^[11] from VOS to Voluntary Land Transfer/Direct Payment Scheme.^[12] HPI also rejected the valuation of its three parcels of land covered by TCTs No. T-10361, No. T-10362 and No. T-10363. ^[13]

Owing to the rejection by both AFC and HPI of LBP's valuation, the DAR requested LBP to deposit the amounts equivalent to their valuations in the names and for the accounts of AFC and HPI.^[14] AFC thereafter withdrew the amount of P26,409,549.86, while HPI withdrew the amount of P45,481,706.76, both in cash from LBP. The DAR PARO then directed the Register of Deeds of Davao to cancel the TCTs of AFC and HPI to the said properties and to issue a new one in the name of the Republic of the Philippines.

After the issuance of the certificate of title in the name of the Republic of the Philippines, the Register of Deeds of Davao, upon the request of the DAR, issued TCTs and Certificates of Land Ownership Award to qualified farmer-beneficiaries.

On 14 February 1997, AFC and HPI filed separate complaints for determination of just compensation with the DAR Adjudication Board (DARAB). Despite the lapse of more than three years from the filing of the complaints, the DARAB failed and refused to render a decision on the valuation of the land. Hence, two complaints^[15] for determination and payment of just compensation were filed by AFC and HPI before Branch 2 of the Regional Trial Court (RTC) of Tagum City (acting as a Special Agrarian Court), which were subsequently consolidated.

Agrarian Case No. 54-2000^[16] filed by AFC covers two parcels of land in San Isidro, Tagum, Davao, with an aggregate area of 640.3483 hectares previously assessed by LBP with a valuation of P86,900,925.88.

On the other hand, Agrarian Case No. 55-2000^[17] filed by HPI relates to the other three parcels of land in Tagum City, with a total area of 814.5308 hectares, likewise, previously assessed by LBP with a valuation of P164,478,178.14.

Summons was served on 23 May 2000 to defendants DAR and LBP. The trial court appointed as Commissioners^[18] persons it considered competent, qualified and disinterested to determine the proper valuation of the properties.

LBP submitted its Answer on 26 July 2000,^[19] while the DAR Secretary, represented by PARO Pedro P. Gumabao, filed its Answer^[20] on 18 August 2000.

The pre-trial order issued by the trial court reads:

This Court will determine the all-embracing concept of Just Compensation, and whether the plaintiff is entitled to damages, and also whether the value of the land and improvements as determined by the Land Valuation of Land Bank for the determination of just compensation, and whether the plaintiff has violated Section 13 of DARAB new rules and procedure.^[21]

The commissioners, together with all the representatives of the parties, conducted an ocular inspection first on 25 August 2000^[22] and again on 16 December 2000.^[23]

On 21 May 2001, the court-appointed commissioners submitted their appraisal report.^[24]

On 14 September 2001, the case was considered submitted for decision.^[25]

After hearing, the trial court rendered a decision^[26] dated 25 September 2001, the fallo thereof reads:

WHEREFORE, consistent with all the foregoing premises, judgment is hereby rendered by this Special Agrarian Court where it has determined judiciously and now hereby fixed the just compensation for the 1,388.6027 hectares of lands and its improvements owned by the plaintiffs: APO FRUITS CORPORATION and HIJO PLANTATION, INC., as follows:

First - Hereby ordering after having determined and fixed the fair, reasonable and just compensation of the 1,338.6027 hectares of land and standing crops owned by plaintiffs - APO FRUITS CORPORATION and HIJO PLANTATION, INC., based at only P103.33 per sq. meter, **ONE BILLION THREE HUNDRED EIGHTY-THREE MILLION ONE HUNDRED SEVENTY-NINE THOUSAND PESOS (P1,383,179,000.00), Philippine Currency**, under the current value of the Philippine Peso, to be paid jointly and severally to the herein PLAINTIFFS by the Defendants-Department of Agrarian Reform and its financial intermediary and co-defendant Land Bank of the Philippines, thru its Land Valuation Office;

Second - Hereby ordering Defendants - DEPARTMENT OF AGRARIAN REFORM and/or LAND BANK OF THE PHILIPPINES, thru its Land Valuation Office, to pay plaintiffs-APO FRUITS CORPORATION and HIJO PLANTATION, INC., interests on the above-fixed amount of fair, reasonable and just compensation equivalent to the market interest rates aligned with 91-day Treasury Bills, from the date of the taking in December 9, 1996, until fully paid, deducting the amount of the

previous payment which plaintiffs received as/and from the initial valuation;

Third - Hereby ordering Defendants - DEPARTMENT OF AGRARIAN REFORM and/or LAND BANK OF THE PHILIPPINES, thru its Land Valuation Office, to pay jointly and severally the Commissioners' fees herein taxed as part of the costs pursuant to Section 12, Rule 67 of the 1997 Rules of Civil Procedure, equivalent to, and computed at Two and One- Half (2 ½) percent of the determined and fixed amount as the fair, reasonable and just compensation of plaintiffs' land and standing crops plus interest equivalent to the interest of the 91-Day Treasury Bills from date of taking until full payment;

Fourth - Hereby ordering Defendants - DEPARTMENT OF AGRARIAN REFORM and/or LAND BANK OF THE PHILIPPINES, thru its Land Valuation Office, to pay jointly and severally the attorney's fees to plaintiffs equivalent to, and computed at ten (10%) Percent of the determined and fixed amount as the fair, reasonable and just compensation of plaintiffs' land and standing crops, plus interest equivalent to the 91-Day Treasury Bills from date of taking until the full amount is fully paid;

Fifth - Hereby ordering Defendants - DEPARTMENT OF AGRARIAN REFORM and/or LAND BANK OF THE PHILIPPINES, thru its Land Valuation Office to deduct from the total amount fixed as fair, reasonable and just compensation of plaintiffs' properties the initial payment paid to the plaintiffs;

Sixth - Hereby ordering Defendants - DEPARTMENT OF AGRARIAN REFORM and/or LAND BANK OF THE PHILIPPINES, thru its Land Valuation Office, to pay the costs of the suit; and

Seventh Hereby ordering Defendants - DEPARTMENT OF AGRARIAN REFORM and/or LAND BANK OF THE PHILIPPINES, thru its Land Valuation

Office, to pay all the aforementioned amounts thru The Clerk of Court of this Court, in order that said Court Officer could collect for payment any docket fee deficiency, should there be any, from the plaintiffs.^[27]

LBP filed a Motion for Reconsideration^[28] on 5 October 2001 mainly on the ground that the trial court based its valuation on the value of residential and industrial lands in the area forgetting that the lands involved are agricultural. LBP also sought a reconsideration of the award of attorney's fees, the interest on the compensation over the lands and the order of the trial court regarding the payment of commissioners' fees.

In an Order dated 5 December 2001,^[29] the trial court modified its decision as follows:

WHEREFORE, premises considered, IT IS HEREBY ORDERED that the following modifications as they are hereby made on the dispositive portion of this Court's consolidated decision be made and entered in the following manner, to wit:

On the Second Paragraph of the Dispositive Portion which now reads as follows, as modified:

Second - Hereby ordering Defendants - DEPARTMENT OF AGRARIAN REFORM and/or LAND BANK OF THE PHILIPPINES, thru its Land Valuation Office, to pay plaintiffs- APO FRUITS CORPORATION and HIJO PLANTATION, INC., interest at the rate of Twelve (12%) Percent per annum on the above-fixed amount of fair, reasonable and just compensation computed from the time the complaint was filed until the finality of this decision. After this decision becomes final and executory, the rate of TWELVE (12%) PERCENT per annum shall be additionally imposed on the total obligation until payment thereof is satisfied, deducting the amounts of the previous payments by Defendant-LBP received as initial valuation;

On the Third Paragraph of the Dispositive Portion which Now Reads As Follows, As Modified:

Third - Hereby ordering Defendants -