

## SECOND DIVISION

[ G.R. NO. 162779, June 15, 2007 ]

**HEIRS OF MATEO PIDACAN AND ROMANA EIGO,\* NAMELY:  
PACITA PIDACAN VDA. DE ZUBIRI (DECEASED), SURVIVED BY  
JOSE BELLO BATINA, VICKY BELLO BATINA, ROBERTO BELLO  
BATINA, VILMA BELLO BATINA, AND FRANCISCO N. BATINA;  
AND ADELA PIDACAN VDA. DE ROBLES, PETITIONERS, VS. AIR  
TRANSPORTATION OFFICE (ATO), REPRESENTED BY ITS ACTING  
DIRECTOR BIENVENIDO MANGA, RESPONDENT.**

### DECISION

#### QUISUMBING, J.:

For review on certiorari are the Decision<sup>[1]</sup> dated August 20, 2003 and the Resolution dated March 17, 2004 of the Court of Appeals in CA-G.R. CV No. 72404, which reversed the Decision<sup>[2]</sup> dated February 1, 2001 of the Regional Trial Court (RTC) of San Jose, Occidental Mindoro, Branch 46 in Civil Case No. R-800.

The facts, summarized by the Court of Appeals and borne by the records, are as follows:

Sometime in 1935, spouses Mateo Pidacan and Romana Eigo acquired under the homestead provision of Act No. 2874<sup>[3]</sup> a parcel of land consisting of about 22 hectares situated in San Jose, Occidental Mindoro. Patent No. 33883 and Original Certificate of Title (OCT) No. 2204 were issued on the land, in the names of the Pidacan spouses.

In 1948, the Civil Aeronautics Administration (now Air Transportation Office or "ATO") used a portion of the said property as an airport. Upon the death of the Pidacan spouses in 1974, the ATO constructed a perimeter fence and a new terminal building on the property. The ATO also lengthened, widened, and cemented the airport's runway.

The spouses' heirs namely, Pacita Pidacan Vda. de Zubiri and Adela Pidacan Vda. de Robles demanded from ATO the payment of the value of the property as well as rentals for the use of the occupied premises. However, they were told that payment could not be made because the property was still in their parents' name.

With the loss of the owner's copy of OCT No. 2204, Pacita Pidacan Vda. de Zubiri filed a petition for the issuance of another owner's duplicate. The heirs then executed an extrajudicial settlement adjudicating the property among themselves.

On February 23, 1988, OCT No. 2204 was cancelled and Transfer Certificate of Title (TCT) No. T-7160 was issued in favor of the heirs. The heirs presented TCT No. T-

7160 and the death certificates of their parents to the ATO, but the latter still refused to pay them.

The heirs claimed that they were entitled to payment of rentals plus the value of the property. The ATO countered that the heirs were not entitled to any payment, either of the value of the land or of the rentals because the property had been sold to its predecessor, the defunct Civil Aeronautics Administration for P0.70 per square meter. The ATO claimed that even if it failed to obtain title in its name, it had been declaring the property for taxation purposes.

The heirs subsequently filed with the RTC a complaint<sup>[4]</sup> against the ATO for payment of the value of the property as well as rentals for its use and occupation. The ATO, in turn, filed a complaint for expropriation, which was dismissed on the ground that it would be absurd for the ATO to expropriate a parcel of land it considered its own.

Pacita Pidacan Vda. de Zubiri was substituted by her surviving son, Tomas Batina, who in turn was later substituted by his heirs namely, Jose Bello Batina, Vicky Bello Batina, Roberto Bello Batina, and Vilma Bello Batina. Francisco N. Batina, an alleged son of Tomas Batina, intervened in the proceedings.

On September 12, 1994, the trial court promulgated a Decision<sup>[5]</sup> ordering the ATO to pay rentals and the value of the land at P89 per square meter. The ATO appealed to the Court of Appeals on the ground that the trial court erred in fixing the value of the property on the basis of its present value.

The Court of Appeals rendered a Decision<sup>[6]</sup> setting aside the RTC Decision and remanded the case to the court a quo for further proceedings. The appellate court also ruled that just compensation should be determined as of the time the property was taken for public use.

After trial upon remand of the case to the court of origin, judgment was rendered anew as follows:

WHEREFORE, in view of all the foregoing, judgment is hereby rendered:

1. Expropriating the actual area occupied by the defendant Air Transportation Office of the plaintiff's property covered by Transfer Certificate of Title No. T-7160, totaling Two Hundred Fifteen Thousand Seven Hundred Thirty Seven (215,737) square meters, in favor of defendant;
2. Ordering defendant Air Transportation Office to pay plaintiffs the amount of Three Hundred Four ((P304.00) Pesos per square meter for the area herein expropriated which totals to Sixty Five Million Five Hundred Eight (*sic*) Four Thousand Forty Eight (P65,584,048.00) Pesos with interest thereon at the rate of 12% per annum from February 1, 2001, until the same is fully paid.
3. Ordering defendant Air Transportation Office to pay plaintiffs monthly rentals for the use and occupation of the subject property cited in item No. 1 above, computed as follows:

a) Three Thousand Fifty Eight Pesos and Forty Centavos (P3,058.40) from 1957 to 1977;

b) Four Thousand Twenty Two Pesos and Sixty five Centavos (P4,022.60) from 1978 to 1979;

c) Six Thousand Thirty Four Pesos and Fifty Centavos (P6,034.50) from 1980 to 1984;

d) Nine Thousand Six Hundred Ninety Nine Pesos and Sixty Centavos (P9,699.60) from 1985 to 1991;

e) Seventeen Thousand Nine Hundred thirteen Pesos and Sixty Centavos (P17,913.60) from 1992 to 1994;

f) Thirty Seven Thousand One Hundred Eighty One Pesos and Eighty Centavos (P37,181.80) from 1995 to 1997;

g) Fifty Four Thousand Six Hundred Fifty Eight Pesos and Sixty Centavos (P54,658.60) from 1998 to January 31, 2001;

or a total monthly rentals, from January 1, 1957 to January 31, 2001, of Six Million Two hundred Forty Nine Thousand Six Hundred Forty Five Pesos and Forty Centavos (P6,249,645.40) with interest thereon at the rate of 12% per annum, until the same is fully paid;

4. Ordering defendant Air Transportation Office to pay plaintiffs ten (10%) per cent of the amount involved as and for attorney's fees and expenses of litigation; and

5. Ordering defendant Air Transportation Office to pay the costs of suit.

SO ORDERED.<sup>[7]</sup>

The ATO once again appealed to the Court of Appeals, which in its assailed Decision reversed the trial court's ruling, thus:

**WHEREFORE,** premises considered, the assailed Decision dated February 1, 2001 of the Regional Trial Court of San Jose, Occidental Mindoro in Civil Case No. R-800 is hereby **REVERSED AND SET ASIDE** and a new one entered remanding the instant case to the court a quo for the determination of just compensation on the basis of the market value prevailing in 1948. No pronouncement as to costs.

**SO ORDERED.**<sup>[8]</sup>

The heirs moved for reconsideration but it was denied. Aggrieved, the heirs filed the instant petition alleging that: