

FIRST DIVISION

[G.R. NO. 164876, January 23, 2006]

LAND BANK OF THE PHILIPPINES, PETITIONER, VS. LEONILA P. CELADA, RESPONDENT.

DECISION

YNARES-SANTIAGO, J.:

Respondent Leonila P. Celada owns 22.3167 hectares of agricultural land situated in Calatrava, Carmen, Bohol registered under TCT No. 16436,^[1] of which 14.1939 hectares was identified in 1998 by the Department of Agrarian Reform (DAR) as suitable for compulsory acquisition under the Comprehensive Agrarian Reform Program (CARP). The matter was then indorsed to petitioner Land Bank of the Philippines (LBP) for field investigation and land valuation.

In due course, LBP valued respondent's land at P2.1105517 per square meter for an aggregate value of P299,569.61.^[2] The DAR offered the same amount to respondent as just compensation, but it was rejected. Nonetheless, on August 27, 1999, LBP deposited the said sum in cash and bonds in the name of respondent.^[3]

Pursuant to Section 16(d) of Republic Act (RA) No. 6657 or the Comprehensive Agrarian Reform Law of 1988, the matter was referred to the DAR Adjudication Board (DARAB), Region VII-Cebu City, for summary administrative hearing on determination of just compensation. The case was docketed as DARAB Case No. VII-4767-B-990.

While the DARAB case was pending, respondent filed, on February 10, 2000, a petition^[4] for judicial determination of just compensation against LBP, the DAR and the Municipal Agrarian Reform Officer (MARO) of Carmen, Bohol, before the Regional Trial Court of Tagbilaran City. The same was docketed as Civil Case No. 6462 and raffled to Branch 3, the designated Special Agrarian Court (SAC). Respondent alleged that the current market value of her land is at least P150,000.00 per hectare based on the following factors:

14.1. The land in question has been mortgaged to the defunct Rural Bank of San Miguel (Bohol), Inc., for P1,220,000.00 on July 23, 1998 since it was appraised at P15.00 per square meter;

14.2. Agricultural lands in said barangay are priced ranging from P140,000.00 to P150,000.00 per hectare and current land transactions reveal said price range;

14.3. The land in question is titled or registered property, cultivated and fully developed with rice^[5] and corn occupying the greater portion thereof;

14.4. The topography of the land, its soil condition, climate and productivity of surrounding lots justify the just compensation requested or asked for;

14.5. Even the class and base unit market value for agricultural lands in Bohol is about thirty (30) times higher than the price offered per hectare by DAR/LBP.^[6]

On April 27, 2000, LBP filed its Answer^[7] raising non-exhaustion of administrative remedies as well as forum-shopping as affirmative defense. According to petitioner, respondent must first await the outcome of the DARAB case before taking any judicial recourse; that its valuation was arrived at by applying the formula prescribed by law whereas respondent's was based only on the "current value of like properties".

The DAR and the MARO likewise filed an Answer^[8] averring that the determination of just compensation rests exclusively with the LBP. Thus, they are not liable to respondent and are merely nominal parties in the case.

Meanwhile, the DARAB Provincial Adjudicator (PARAD) issued an Order^[9] dated April 12, 2000 affirming the valuation made by LBP. Respondent failed to appear in the DARAB case despite due notice.

On June 4, 2001, the SAC issued an order resolving petitioner's affirmative defense in this wise:

WHEREFORE, the Affirmative Defense of x x x Land Bank is hereby denied. Besides, in the mind of the court, the recourse to the DARAB is x x of no moment since it is only conciliatory to the parties.

Upon agreement of the parties, the pre-trial is reset to June 11, 2001 at 9:00 in the morning.

SO ORDERED.^[10]

Thereafter, a pre-trial conference was conducted^[11] and trial on the merits ensued. On March 1, 2003, the SAC rendered judgment as follows:

WHEREFORE, in view of all the foregoing, the Court hereby fixes the compensation of the land of petitioner at P2.50 per square meter or a total of P354,847.50 for the portion of 14.1939 hectares subject of compulsory acquisition under the CARP which it believes just, fair and equitable under the present circumstances and which shall earn legal interest of twelve percent (12%) per annum from the time of its taking by the DAR. Furthermore, respondent Land Bank is hereby ordered to indemnify petitioner the amount of P10,000.00 for attorney's fee and incidental expenses of P5,000.00 and costs.

SO ORDERED.^[12]

LBP elevated the matter to the Court of Appeals which, however, dismissed the appeal outright on the following grounds:

1. The petition is not accompanied with an affidavit of service, although there is an explanation that respondent, respondent's counsel and Judge Venancio J. Amila were furnished with copies of the petition by registered mail x x x.
2. Petitioner's counsel indicated his IBP and PTR but not his Roll of Attorney's Number x x x.
3. Copies of (a) PARAD Decision x x x adverted to in the petition which fixed the land valuation for just compensation at P299,569.11 and (b) petitioner's Petition for Judicial Determination of Just Compensation filed with the Regional Trial Court of Tagbilaran City, Branch 3, were not attached as annexes, x x x.^[13]

Upon denial of its motion for reconsideration,^[14] LBP filed the instant petition under Rule 45 of the Rules of Court, alleging that:

A

THE COURT OF APPEALS ERRED IN X X X RIGIDLY OR STRICTLY APPLYING PROCEDURAL LAW AT THE EXPENSE OF SUBSTANTIAL JUSTICE AND THE RIGHT TO APPEAL.

B

THE SAC A QUO ERRED IN ASSUMING JURISDICTION OVER THE PETITION FOR DETERMINATION OF JUST COMPENSATION WHILE ADMINISTRATIVE PROCEEDINGS IS ON-GOING BEFORE THE DARAB, REGION VII, CEBU CITY.

C

THE SAC A QUO ERRED IN FIXING THE JUST COMPENSATION OF THE LAND BASED NOT ON ITS ACTUAL LAND USE BUT ON THE VALUATION OF NEIGHBORING LANDS.

D

THE SAC A QUO ERRED IN AWARDING ATTORNEY'S FEES AND INCIDENTAL EXPENSES X X X.^[15]

On the first assigned error, petitioner asserts that the Court of Appeals should have liberally construed the rules of procedure and not dismissed its appeal on technical grounds.

We agree with petitioner.

The Court of Appeals dismissed petitioner's appeal on three technical grounds, namely: (a) lack of affidavit of service; (b) failure of counsel to indicate his Roll of

Attorneys' number; and (c) failure to attach material portions of the records. However, the lack of affidavit of service is not deemed fatal where the petition filed below is accompanied by the original registry receipts showing that the petition and its annexes were served upon the parties.^[16] On the other hand, the failure of counsel to indicate his Roll of Attorneys' number would not affect respondent's substantive rights, such that petitioner's counsel could have been directed to comply with the latter requirement rather than dismiss the petition on purely technical grounds. As for petitioner's failure to attach material portions of the records, we held in *Donato v. Court of Appeals*^[17] that:

[T]he failure of the petitioner to x x x append to his petition copies of the pleadings and other material portions of the records as would support the petition, does not justify the outright dismissal of the petition. It must be emphasized that the RIRCA (Revised Internal Rules of the Court of Appeals) gives the appellate court a certain leeway to require parties to submit additional documents as may be necessary in the interest of substantial justice. Under Section 3, paragraph d of Rule 3 of the RIRCA, the CA may require the parties to complete the annexes as the court deems necessary, and if the petition is given due course, the CA may require the elevation of a complete record of the case as provided for under Section 3(d)(5) of Rule 6 of the RIRCA x x x.^[18]

An examination of the records and pleadings filed before the Court of Appeals reveals that there was substantial compliance with procedural requirements. Moreover, we have held time and again that cases should, as much as possible, be determined on the merits after the parties have been given full opportunity to ventilate their causes and defenses, rather than on technicality or some procedural imperfection.^[19] After all, technical rules of procedure are not ends in themselves but are primarily devised to help in the proper and expedient dispensation of justice. In appropriate cases, therefore, the rules may be construed liberally in order to meet and advance the cause of substantial justice.^[20]

While a remand of the case to the appellate court would seem to be in order, we deem it proper to resolve the case on the merits if only to write *finis* to the present controversy.

We do not agree with petitioner's submission that the SAC erred in assuming jurisdiction over respondent's petition for determination of just compensation despite the pendency of the administrative proceedings before the DARAB. In *Land Bank of the Philippines v. Court of Appeals*,^[21] the landowner filed an action for determination of just compensation without waiting for the completion of the DARAB's re-evaluation of the land. The Court nonetheless held therein that the SAC acquired jurisdiction over the action for the following reason:

It is clear from Sec. 57 that the RTC, sitting as a Special Agrarian Court, has "original and exclusive jurisdiction over all petitions for the determination of just compensation to landowners." This "original and exclusive" jurisdiction of the RTC would be undermined if the DAR would vest in administrative officials original jurisdiction in compensation cases and make the RTC an appellate court for the review of administrative decision. Thus, although the new rules speak of directly appealing the

decision of adjudicators to the RTCs sitting as Special Agrarian Courts, it is clear from Sec. 57 that the original and exclusive jurisdiction to determine such cases is in the RTCs. Any effort to transfer such jurisdiction to the adjudicators and to convert the original jurisdiction of the RTCs into appellate jurisdiction would be contrary to Sec. 57 and therefore would be void. Thus, direct resort to the SAC by private respondent is valid.^[22]

It would be well to emphasize that the taking of property under RA No. 6657 is an exercise of the power of eminent domain by the State.^[23] The valuation of property or determination of just compensation in eminent domain proceedings is essentially a judicial function which is vested with the courts and not with administrative agencies.^[24] Consequently, the SAC properly took cognizance of respondent's petition for determination of just compensation.

In the same vein, there is no merit to petitioner's contention that respondent failed to exhaust administrative remedies when she directly filed the petition for determination of just compensation with the SAC even before the DARAB case could be resolved. The issue is now moot considering that the valuation made by petitioner had long been affirmed by the DARAB in its order dated April 12, 2000. As held in *Land Bank of the Philippines v. Wycoco*,^[25] the doctrine of exhaustion of administrative remedies is inapplicable when the issue is rendered moot and academic, as in the instant case.

With regard to the third assigned error, however, we agree with petitioner that the SAC erred in setting aside petitioner's valuation of respondent's land on the sole basis of the higher valuation given for neighboring properties. In this regard, the SAC held:

It appears from the evidence of petitioner that the neighboring lands of similar classification were paid higher than what was quoted to her land by respondent Land Bank as the value per square meter to her land was only quoted at P2.1105517 while the others which were of the same classification were paid by respondent Bank at P2.42 more or less, per square meter referring to the land of Consuelito Borja (Exh. D) and Cesar Borja (Exh. F). Furthermore, the land of petitioner was allegedly mortgaged for a loan of P1,200,000.00 before the Rural Bank of San Miguel, Bohol and that it was purchased by her from a certain Felipe Dungog for P450,000.00 although no documents therefor were shown to support her claim. Nevertheless, the Court finds a patent disparity in the price quotations by respondent Land Bank for the land of petitioner and that of the other landowners brought under CARP which could be caused by deficient or erroneous references due to the petitioner's indifference and stubborn attitude in not cooperating with respondent bank in submitting the data needed for the evaluation of the property. x x x At any rate, the price quotation by respondent Land Bank on the land of the petitioner is low more so that it was done some four years ago, particularly, on June 22, 1998 (Exh. 1) and the same has become irrelevant in the course of time due to the devaluation of the peso brought about by our staggering economy.^[26]