

## FIRST DIVISION

[ G.R. NO. 156304, October 23, 2006 ]

**ANACLETO R. MENESES, FRANCISCO C. MENESES, CECILIA C. MEMESES, RAMON M. VASCO, CARMENCITA M. VASCO-ALIVIA, VICTOR A. MENESES, MA. ROSARIO MENESES-CARREON, GAVINO A. MENESES, ARTEMIO A. MENESES, JR., MA. CARMEN R. BONGGA, MA. THERESA M. RODRIGO, JACINTO M. RODRIGO, MA. ELIZABETH M. RODRIGO, MARTIN M. RODRIGO, JOSE ANTONIO M. RODRIGO, DOMINGO M. SALONGA, CAROLINA M. SALONGA, CORAZON M. SALONGA, CRISTINA M. SALONGA, CARMELITA M. SALONGA, CYNTHIA M. SALONGA AND MARILYN F. SALONGA, PETITIONERS, VS. SECRETARY OF AGRARIAN REFORM, LAND BANK OF THE PHILIPPINES, RODRIGO VELAYO, ANGEL SOLIMAN, RICARDO MASASU, REGINA STA. ANA, JUANITO CASTRO, SEVERINO LIGON, MARCELINO CUEVAS, MANOLO GARCIA, RODRIGO URBANO, FELIX BINUYA, GORGONIO CATU, ERLINDA ABLAZA, IGMEDIO SANTOS, FLORENTINA SUSPAN, PEDRO SUPAN, GABRIEL PONCE, FELIPE PONCE, MAGNO PONCE, RELELCIO PONCE, IRENEO RAMOS, ORLANDO TAYAO, EULALIO TRINIDAD, MOISES MORALES, LAZARO MATIAS, FORTUNATA MANUGON, ROMEO MANUZON, AND DAMASO DURIA, RESPONDENTS.**

### D E C I S I O N

#### **AUSTRIA-MARTINEZ, J.:**

Petitioners were co-owners *pro-indiviso* of an irrigated rice land in *Barangay* Batasan, San Miguel, Bulacan, measuring 60.8544 hectares and registered in the name of their grandparents, the spouses Ramon Meneses and Carmen Rodriguez-Meneses. On October 21, 1972, the property was distributed to farmer-beneficiaries by virtue of Presidential Decree No. 27 (P.D. No. 27).

On July 16, 1993, petitioners filed with the Regional Trial Court (RTC) of Bulacan, Branch 13, a complaint for determination and payment of just compensation. Petitioners alleged that from the time the land was distributed to farmer-beneficiaries in 1972 up to the time of the filing of the complaint, no payment or rentals has been made, and titles have already been issued to the farmer-beneficiaries. Petitioners also alleged that the fair market value of the property is P6,000,000.00.<sup>[1]</sup>

The farmer-beneficiaries, the Land Bank of the Philippines-Land Valuation and Landowners' Compensation III (LBP-LVLCO III), the Department of Agrarian Reform (DAR) Secretary, and the DAR all filed their respective Answers. For their part, the farmer-beneficiaries alleged that the land valuation establishing the average gross production per hectare by the *Barangay* Committee on Land Production (BCLP)

based on three normal crop years before P.D. No. 27 is in accordance with the existing guidelines and procedure on Operation Land Transfer; they have no unpaid rentals; and jurisdiction over the case lies with the Department of Agrarian Reform Adjudication Board (DARAB).<sup>[2]</sup>

Meanwhile, the LBP-LVLCO III averred that it has been acting in good faith in discharging its obligations, and that the computation was obtained through the valuation processes of the DAR on lands covered by P.D. No. 27 and Executive Order No. 228 (E.O. No. 228). The LBP-LVLCO III likewise alleged that jurisdiction over the case lies with the DARAB.<sup>[3]</sup>

The DAR Secretary, on the other hand, alleged that the valuation of the property was pursuant to the Operation Land Transfer under P.D. No. 27 and the reckoning date should be at the time of the taking of the property, *i.e.*, October 21, 1972.<sup>[4]</sup>

Lastly, the DAR claimed that the filing of the case is premature since there is no valuation yet made by the DAR based on E.O. No. 228, and petitioners must cooperate with the DAR by submitting all the necessary papers for proper valuation and expeditious payment of the land. The DAR also claimed that it must first determine the valuation before resort to the court can be made.<sup>[5]</sup>

Thereafter, in an Order dated June 22, 1994, the RTC dismissed the complaint for lack of cause of action. According to the RTC, the determination of just compensation must first be filed with the DAR and not the Special Agrarian Court.<sup>[6]</sup>

Petitioners filed a motion for reconsideration, which was partially granted by the RTC in its Order dated September 7, 1994, setting aside its order of dismissal, ordering the suspension of the proceedings and archiving the case until primary determination has been made on the issue of just compensation.<sup>[7]</sup>

On October 5, 1994, petitioners filed a complaint for determination and payment of just compensation with the DARAB. The DARAB, however, dismissed the complaint on the ground that it has no jurisdiction to hear and decide valuation cases covered by P.D. No. 27, as the same is within the exclusive administrative powers of the Office of the Secretary.<sup>[8]</sup> Because of the foregoing dismissal, petitioners filed with the RTC a motion to re-open and calendar case for hearing,<sup>[9]</sup> which was granted by the RTC.

In an Order dated May 9, 1996, the RTC, with the agreement of the parties, constituted Commissioners to determine just compensation,<sup>[10]</sup> but the same was dissolved per its Report and Recommendation dated October 9, 1996,<sup>[11]</sup> as granted by the RTC in its Order dated October 11, 1996.<sup>[12]</sup>

Pre-trial was terminated on July 10, 1997, and petitioners were scheduled to present their evidence.<sup>[13]</sup> During the hearing held on August 14, 1997, the parties agreed as to the issue to be resolved - "whether or not the plaintiffs [petitioners] are entitled to just compensation as provided for in Republic Act No. 6657 (R.A. No. 6657) and the Constitution of 1987 and not P.D. No. 27 which was the basis of valuation made by defendants Secretary of Agrarian Reform and the Land Bank of

the Philippines of the subject parcel of land which was acquired in October 21, 1972."<sup>[14]</sup> The parties were then given a period within which to file their respective motions for judgment on the pleadings and comment/opposition thereto, after which the case shall be deemed submitted for resolution.<sup>[15]</sup>

On February 7, 1998, the RTC rendered its Decision dismissing the complaint. It was the RTC's ruling that since the subject property was taken from petitioners on October 21, 1972 under the DAR's Operation Land Transfer pursuant to P.D. No. 27, then just compensation must be based on the value of the property at the time of taking.

Thus, petitioners filed an appeal with the Court of Appeals (CA), docketed as CA-G.R. CV No. 60355, where petitioners prayed for a remand of the case to the RTC for further proceedings and/or reception of evidence on the just and fair market value of the property.

On May 30, 2002, the CA<sup>[16]</sup> rendered its Decision dismissing the appeal.<sup>[17]</sup> Petitioners filed a motion for reconsideration, but the same was denied on the grounds that it was filed 44 days late and the CA found no cogent reason to reverse or modify its Decision.<sup>[18]</sup>

Hence, this petition for review on *certiorari* based on the following reasons:

- I - THAT THE APPEALED DECISION (sic) IS RENDERED BY THE COURT OF APPEALS NOT IN ACCORDANCE WITH LAW OR WITH APPLICABLE DECISIONS OF THE SUPREME COURT.<sup>[19]</sup>
- II THAT THE COURT OF APPEALS HAS DEPARTED FROM THE
  - ACCEPTED AND USUAL COURSE OF JUDICIAL PROCEEDINGS OR HAS SANCTIONED SUCH DEPARTURE BY THE LOWER COURT.<sup>[20]</sup>

Petitioners argue that the CA erred in sustaining the propriety of the motion for judgment on the pleadings filed by respondents with the RTC. It was the CA's ruling that the motion for judgment on the pleadings was proper since respondents can be considered as plaintiffs in a counter-claim. Petitioners also impute error in the CA's ruling that the RTC properly dismissed the case since it appears that there was no initial valuation yet made by the DARAB.

Respondents, however, argue that the CA Decision dated May 30, 2002 is already final and executory due to petitioners' failure to seasonably file a motion for reconsideration. Respondents also argue, among others, that the applicable law in this case is P.D. No. 27 and E.O. No. 228, which provides for the formula for the determination of just compensation, as recognized in the cases of *Land Bank of the Philippines v. Court of Appeals*, 378 Phil. 1248 (1999), and *Gabatin v. Land Bank of the Philippines*, G.R. No. 148223, November 25, 2004, 444 SCRA 176.

The Courts finds merit in the petition.

It is true that petitioners' failure to file their motion for reconsideration within the reglementary period rendered the CA Decision dated May 30, 2002 final and executory. For all intents and purposes, said Decision should now be immutable and

unalterable; however, the Court relaxes this rule in order to serve substantial justice considering (a) matters of life, liberty, honor or property, (b) the existence of special or compelling circumstances, (c) the merits of the case, (d) a cause not entirely attributable to the fault or negligence of the party favored by the suspension of the rules, (e) a lack of any showing that the review sought is merely frivolous and dilatory, and (f) the other party will not be unjustly prejudiced thereby.<sup>[21]</sup>

The explanation of petitioners' counsel for the delayed filing of the motion for reconsideration was that their law firm secretary failed to inform the court of their change of address.<sup>[22]</sup> This, of course, is not a valid excuse. As a general rule, a client is bound by the acts of his counsel, including even the latter's mistakes and negligence. But where such mistake or neglect would result in serious injustice to the client, a departure from this rule is warranted. To cling to the general rule is to condone rather than rectify a serious injustice to petitioners whose only fault was to repose his faith and entrust his innocence to his lawyer.<sup>[23]</sup>

In *Ginete v. Court of Appeals*,<sup>[24]</sup> the Court disregarded the failure of the petitioners to file a motion for reconsideration of the CA's dismissal, and instead, ruled that their counsel's negligence should not prejudice the merits of their case, as they were bound to lose their alleged rightful share in their inheritance to a 59-hectare property.

In *Philippine Ports Authority v. Sargasso Construction & Development Corp.*,<sup>[25]</sup> the Court excused the Office of the Government Corporate Counsel's belated filing of the notice of appeal because sustaining the finality of the CA's dismissal of the appeal would leave the petitioner no other remedy to assail the decision of the trial court, and it would then have to implement the award of the reclamation project to the respondents for the enhancement of the San Fernando, La Union port for the price of P30,794,230.89 without the benefit of a public bidding, and sans the approval of its Board of Directors.

After reviewing the records of this case, the Court resolves to give due course to the case in order to put to rest the issues herein presented, specially in light of the Court's ruling in *Solmayor v. Arroyo*,<sup>[26]</sup> to wit:

Furthermore, we must bear in mind that procedural rules are intended to ensure the proper administration of law and justice. The rules of procedure ought not to be applied in a very rigid, technical sense, for they are adopted to help secure, not override, substantial justice. A deviation from its rigid enforcement may thus be allowed to attain its prime objective, for after all, the dispensation of justice is the core reason for the existence of courts. **Moreover, we cannot shy away from our constitutionally mandated duty to questions of law set forth in this petition which hinges on the determination of the rights of herein litigants in the light of a very important piece of social legislation, Presidential Decree No. 27, which aims for the equitable distribution and ownership of land, without disregarding the property rights of landowners.** Thus, for pragmatic reasons and consideration of justice and equity, the Court must put to rest the issues presented before us. (Emphasis supplied)

If the Court sustains the CA Decision, which affirmed the RTC Decision, petitioners will be left holding an empty bag, so to speak. It should be noted that the property subject of this case has already been distributed to the farmer-beneficiaries way back in 1972, and up to now, 34 years later, petitioners have yet to enjoy the fruits of its value. Moreover, petitioners will be left without any recourse as regards the resolution of the issue of just compensation since both the RTC and the DARAB already dismissed the separate complaints for just compensation filed before them. Indeed, the "Court has the power to except a particular case from the operation of the rule whenever the purposes of justice requires it because what should guide judicial action is that a party is given the fullest opportunity to establish the merits of his action or defense rather than for him to lose life, honor, or property on mere technicalities."<sup>[27]</sup>

On the propriety of the filing of a motion for judgment on the pleadings by the LBP and adopted by the DAR Secretary - the Court finds that the CA erred in sustaining its propriety.

Rule 34, Section 1 of the Rules of Court,<sup>[28]</sup> provides that a judgment on the pleadings is proper when an answer fails to render an issue or otherwise admits the material allegations of the adverse party's pleading. The essential question is whether there are issues generated by the pleadings. A judgment on the pleadings may be sought only by a claimant, who is the party seeking to recover upon a claim, counterclaim or cross-claim; or to obtain a declaratory relief.<sup>[29]</sup>

In this case, the separate Answers filed by the respondents definitely tendered issues, as it made specific denials of the material allegations in the complaint and asserted affirmative defenses, which would bar recovery by petitioners. Moreover, it was erroneous for the RTC to require the filing of a motion for judgment on the pleadings and for the LBP and the DAR Secretary to file the same since in the first place, the latter are neither plaintiffs in the case nor counter-claimants or cross-claimants.

What the RTC obviously meant to be filed was a motion for summary judgment, a procedural device designed for the prompt disposition of actions, which may be rendered if the pleadings, supporting affidavits, depositions and admissions on file show that, after a summary hearing, there is no genuine issue regarding any material fact, except as to the amount of damages, and the moving party is entitled to a judgment as a matter of law, and which may be applied for by either a claimant or a defending party.<sup>[30]</sup> This is obvious from the fact that although the Answers raised issues, these were not factual ones requiring trial, nor were they genuine issues,<sup>[31]</sup> as the parties were able to agree to limit the same to whether petitioners are entitled to just compensation under R.A. No. 6657 and not P.D. No. 27.<sup>[32]</sup>

The Court also finds that the CA erred in sustaining the RTC ruling that just compensation in this case should be based on the value of the property at the time of taking, October 21, 1972, which is the effectivity date of P.D. No. 27.

Respondent correctly cited the case of *Gabatin v. Land Bank of the Philippines*,<sup>[33]</sup> where the Court ruled that "in computing the just compensation for expropriation proceedings, it is the value of the land at the time of the taking [or October 21,