



Republic of the Philippines  
Supreme Court  
Manila

SUPREME COURT OF THE PHILIPPINES  
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SECOND DIVISION

LAND BANK OF THE PHILIPPINES, G.R. No. 213199

Petitioner,

Present:

- versus -

CARPIO, J., Chairperson,  
PERLAS-BERNABE,  
CAGUIOA,  
REYES, J. JR., and  
LAZARO-JAVIER, JJ.

ESPERANZA BRIONES-BLANCO,  
ROSARIO R. BRIONES, MARIA  
CELSA BRIONES, EMMA  
BRIONES-MARCAIDA,  
MILAGROS BRIONES-ASPRER,  
CARMELITA BRIONES-  
CABUNDOC, REBECCA BRIONES-  
BUNALOS, FERDINAND R.  
BRIONES, LUNA C. BRIONES,  
MARILOU BRIONES-  
CHIONGBIAN, JOSE C. BRIONES,  
JR., MANUEL C. BRIONES II,  
EVELYN G. BRIONES, MARIA  
CELESTINA G. BRIONES, MARIA  
CRISTITA G. BRIONES, MARIA  
ANTONETTE G. BRIONES,  
MANUEL ANTONIO G. BRIONES,  
MARIANO G. BRIONES, ALLAN G.  
BRIONES and JOCELYN B. AVILA,  
Respondents.

Promulgated:

27 MAR 2019

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DECISION

REYES, J. JR. J.:

Before us is a Petition for Review on *Certiorari*<sup>1</sup> under Rule 45 of the Rules of Court, assailing the Decision<sup>2</sup> dated November 19, 2013 and

<sup>1</sup> Rollo, pp. 13-43.

<sup>2</sup> Penned by Associate Justice Marie Christine Azcarraga-Jacob, with Associate Justices Edgardo T. Lloren and Edward B. Contreras, concurring; id. at 49-57.

Resolution<sup>3</sup> dated June 20, 2014 of the Court of Appeals (CA) in CA-G.R. SP No. 03346-MIN, which affirmed the ruling of the Regional Trial Court of Ozamis City, Branch 15 (RTC), sitting as a Special Agrarian Court (SAC).

### Relevant Antecedents

The case stemmed from a petition for judicial determination of just compensation.

Esperanza Briones-Blanco, Rosario R. Briones, Maria Celsa Briones, Emma Briones-Marcaida, Milagros Briones-Asprer, Carmelita Briones-Cabundoc, Rebecca Briones-Bunalos, Ferdinand R. Briones, Luna C. Briones, Marilou Briones Chiongbian, Jose C. Briones, Jr., Manuel C. Briones II, Evelyn G. Briones, Maria Celestina G. Briones, Maria Cristita G. Briones, Maria Antonette G. Briones, Manuel Antonio G. Briones, Mariano G. Briones, Allan G. Briones and Jocelyn B. Avila (respondents) were the co-owners of an agricultural land (subject land), covered by Transfer Certificate of Title (TCT) No. T-2583, with an area of more or less 55.9729 hectares situated at Barangay Bueno Voluntad, Municipality of Plaridel, Misamis Occidental.<sup>4</sup>

The subject land was compulsorily placed by the Department of Agrarian Reform (DAR) under the coverage of the Comprehensive Agrarian Reform Law (CARL) or Republic Act (RA) No. 6657.<sup>5</sup>

Under the valuation guidelines of RA No. 6657 and DAR Administrative Order (AO) No. 5, series of 1998, DAR and Land Bank of the Philippines (petitioner) valued the subject land at ₱18,284.28 per hectare for the 53.099 hectares of coco land portion and ₱8,738.50 per hectare for the 2.8738 hectares of rice land portion. Said valuation translates to an average price of about ₱1.80 per square meter.<sup>6</sup>

Disputing said findings, respondents filed a petition for determination of just compensation of the subject land.<sup>7</sup>

In its Answer, petitioner averred that the valuation was conducted pursuant to, and in strict compliance with the provisions of RA No. 6657 and pertinent DAR Administrative Order and Guidelines. Attached in its Answer were true copies of the Field Investigation Report and Claims Valuation Processing Form.<sup>8</sup>

Subsequently, a Board of Commissioners was constituted for the purpose of assisting the court in fixing the amount of just compensation. Atty. Rico Tan, as chairman, and three commissioners, namely, James

<sup>3</sup> Id at 60-62.

<sup>4</sup> Id at 50.

<sup>5</sup> Id.

<sup>6</sup> Id.

<sup>7</sup> Id at 51.

<sup>8</sup> Id.

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Butalid, Engr. Leo Catane and Engr. Jacinto Ricardo were appointed. Instead of submitting a unified report, the members of the Board filed their respective reports which made different valuations: Atty. Rico Tan pegged the value of the subject land at ₱30,000.00 per hectare; James Butalid valued the same at ₱8,000.00 per hectare, while Engr. Leo Catane pegged the same at ₱18,284.94 per hectare for the coco land, and ₱8,738.50 per hectare for the rice land, mirroring those of the DAR and petitioner.<sup>9</sup>

In a Decision<sup>10</sup> dated September 18, 2009, the RTC fixed the amount of just compensation at ₱4.00 per square meter or ₱40,000.00 per hectare. In making such valuation, the RTC found a median on the figures arrived at by the Agrarian Reform Operations Center, Cuervo Appraisers, Inc., and local real estate brokers. The *fallo* thereof reads:

**WHEREFORE**, judgment is hereby rendered fixing the amount of just compensation of petitioners' land at [PhP]4.00 per square meter or [PhP]40,000 per hectare and thereby ordering respondent Land Bank of the Philippines to pay to the petitioners the just compensation of their land as hereto fixed in the amount of [PhP]4.00 per square meter or [PhP]40,000.00 per hectare.

**SO ORDERED.**

Aggrieved, petitioner filed a motion for reconsideration, which was denied in an Order dated November 24, 2009.<sup>11</sup>

Still seeking relief, petitioner elevated the matter before the CA *via* a petition for review under Section 60 of RA No. 6657.<sup>12</sup> Petitioner essentially questioned the valuation made by the RTC.

In a Decision<sup>13</sup> dated November 19, 2013, the CA dismissed the petition. In affirming the ruling of the RTC, the CA held that strict adherence to the formula provided by DAR AO No. 5 is not required, as relevant evidence of the parties and reasonable factors may be used to determine just compensation, thus:

**WHEREFORE**, the instant petition is **DISMISSED** for lack of merit. The 18 September 2009 Decision of the Regional Trial Court (RTC) of Ozamis City, Branch 15, sitting as a Special Agrarian Court (SAC) is hereby **AFFIRMED**.

**SO ORDERED.**<sup>14</sup>

A motion for reconsideration filed by petitioner was likewise denied in a Resolution<sup>15</sup> dated June 20, 2014.

<sup>9</sup> Id.

<sup>10</sup> Penned by Executive Judge Edmundo P. Pintac; id at 143-146.

<sup>11</sup> Id at 50.

<sup>12</sup> Id.

<sup>13</sup> Supra note 2.

<sup>14</sup> Id at 56-57.

<sup>15</sup> Supra note 3.

Hence, this instant petition.

### The Issue

In the main, the issue is whether or not, the disregard of the DAR AO No. 5 as guidelines for determining just compensation, is proper in this case.

### This Court's Ruling

The Court, in *Republic v. Spouses Tomas C. Legaspi and Ruperta V. Esquito*,<sup>16</sup> has defined just compensation as:

x x x [J]ust compensation in expropriation cases is defined “as the full and fair equivalent of the property taken from its owner by the expropriator. The Court repeatedly stressed that the true measure is not the taker’s gain but the owner’s loss. The word ‘just’ is used to modify the meaning of the word ‘compensation’ to convey the idea that the equivalent to be given for the property to be taken shall be real, substantial, full and ample.” (Citation omitted)

The determination of just compensation is principally a judicial function.<sup>17</sup> For guidance of the courts, Section 17 of RA No. 6657 provides:

Sec. 17. *Determination of Just Compensation.*— In determining just compensation, the cost of acquisition of the land, the current value of like properties, its nature, actual use and income, the sworn valuation by the owner, the tax declarations, and the assessment made by government assessors shall be considered. The social and economic benefits contributed by the farmers and the farmworkers and by the Government to the property as well as the non-payment of taxes or loans secured from any government financing institution on the said land shall be considered as additional factors to determine its valuation.

Relevant also is DAR AO No. 5 which provides for a formula for the valuation of lands covered by voluntary offer to sell or compulsory acquisition, to wit:

$$LV = (CNI \times 0.6) + (CS \times 0.3) + (MV \times 0.1)$$

Where: LV = Land Value

CNI = Capitalized Net Income

CS = Comparable Sales

MV = Market Value per Tax Declaration<sup>18</sup>

Although ushered by the foregoing standards, courts are not confined to rigorously and faithfully comply with the same. To do so would deprive the courts of their judicial prerogatives and reduce them to the bureaucratic

<sup>16</sup> G.R. No. 221995, October 3, 2018.

<sup>17</sup> *Department of Agrarian Reform v. Beriña*, 738 Phil. 605, 619 (2014).

<sup>18</sup> *Spouses Mercado v. Land Bank of the Philippines*, 760 Phil. 846, 858 (2015).

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function of inputting data and arriving at the valuation.<sup>19</sup> The courts may relax the application of the DAR formula, if warranted by the circumstances of the case and provided the RTC explains its deviation from the factors or formula above-mentioned.<sup>20</sup> Thus, the “justness” of the enumeration of valuation factors in Section 17, the “justness” of using a basic DAR formula, and the “justness” of the components (and their weights) that flow into such formula, are all matters for the courts to decide.<sup>21</sup>

It is clear that the circumstances of each case would determine as to whether the RTC would deviate from the guidelines set forth; and reasons for the same must be clearly set forth. In the case of *Department of Agrarian Reform v. Galle*,<sup>22</sup> this Court refused to strictly apply the formula found in DAR AO No. 5 because to do so would go against the fundamental principle in eminent domain that just compensation shall be determined as of the time of taking.

In this case, the RTC veered away from the guidelines. It based its valuation on the following: (a) valuations of the Agrarian Reforms Operations Center, Region 10 which pegged the price at ₱1.40 per square meter on coco land and ₱0.50 on rice land; (b) Cuervo Appraisers, Inc, which based its valuation on the Bank Appraiser of the Rural Bank of Oroquieta City, which valued the subject land at ₱10.00 per square meter and the Bureau of Internal Revenue, which set the value at ₱9.00 per square meter; and (c) local real estate brokers, which made a valuation of ₱7.00 to ₱8.00 per square meter. After which, the RTC proceeded to set the amount of just compensation to ₱4.00 per square meter as it was determined to be just, reasonable, and fair.

In setting the valuation at ₱4.00 per square meter, it bears stressing that the RTC merely made an estimate as these valuations were based in the prevailing prices in 2006, whereas the subject land was taken in 2000.

Moreover, there was neither explanation as to why the RTC opted to deviate from the rules nor stated circumstances which would warrant the same. All the RTC did was to consider the rules and concluded that just compensation should be the value above-stated.

Jurisprudence is replete with cases emphasizing the duty of the RTC to explain the reasons for departing from the formula created by DAR. In the case of *Spouses Mercado v. Land Bank of the Philippines*, this Court reiterated that if the RTC finds these guidelines inapplicable, it must clearly explain the reasons for deviating therefrom and for using other factors or formula in arriving at the reasonable just compensation for the property expropriated.<sup>23</sup> So too is the case of *Alfonso v. Land Bank of the*

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<sup>19</sup> Id.

<sup>20</sup> *Spouses Mercado v. Land Bank of the Philippines*, 760 Phil. 846, 856-857 (2015).

<sup>21</sup> *Land Bank of the Philippines v. Rural Bank of Hermosa (Bataan), Inc.*, G.R. No. 181953, July 25, 2017, 832 SCRA 78, 91.

<sup>22</sup> 741 Phil. 1 (2014).

<sup>23</sup> *Supra* note 19, at 861.

*Philippines*,<sup>24</sup> wherein this Court reminded that a reasoned explanation from the SAC to justify its deviation from the guidelines is indispensable and *Land Bank of the Philippines v. Rural Bank of Hermosa (Bataan), Inc.*,<sup>25</sup> which deemed improper the complete disregard of the DAR formula and Section 17 of RA 6657 without stating their inapplicability in the case.

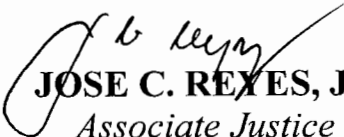
While the RTC, acting as Special Agrarian Courts, exercises judicial prerogative in determining and fixing just compensation, the duty to abide by the rules, especially so when the same are enacted to comply with the objectives of agrarian reform, cannot simply be disregarded. The case of *Alfonso* illuminates in this wise:

x x x The factors listed under Section 17 of RA 6657 and its resulting formulas provide a uniform framework or structure for the computation of just compensation which ensures that the amounts to be paid to affected landowners are not arbitrary, absurd or even contradictory to the objectives of agrarian reform. Until and unless declared invalid in a proper case, the DAR formulas partake of the nature of statutes, which under the 2009 amendment became law itself, and thus have in their favor the presumption of legality, such that courts shall consider, and not disregard, these formulas in the determination of just compensation for properties covered by the CARP. When faced with situations which do not warrant the formula's strict application, courts may, in the exercise of their judicial discretion, relax the formula's application to fit the factual situations before them, subject only to the condition that they clearly explain in their Decision their reasons (as borne by the evidence on record) for the deviation undertaken. x x x<sup>26</sup>

As the RTC failed to comply with the foregoing pronouncement, the remand of the case is deemed proper. More so, when both parties failed to present satisfactory evidence of the value of the property as of the time of its taking; and that this Court, as we are not a trier of facts, cannot receive new evidence for prompt disposition of the case.

**WHEREFORE**, premises considered, the instant petition is **PARTIALLY GRANTED**. The Decision dated November 19, 2013 and the Resolution dated June 20, 2014 of the Court of Appeals in CA-G.R. SP No. 03346-MIN are **REVERSED and SET ASIDE**. Accordingly, the case is **REMANDED** to the court of origin for proper determination of just compensation.

**SO ORDERED.**


  
**JOSE C. REYES, JR.**  
Associate Justice

<sup>24</sup> 801 Phil. 217, 286 (2016).

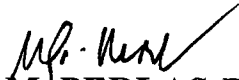
<sup>25</sup> Supra note 21.

<sup>26</sup> Supra note 24, at 282.

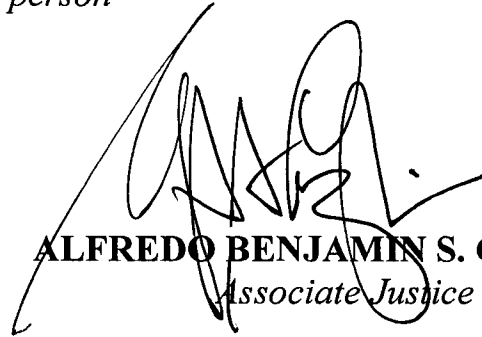
**WE CONCUR:**



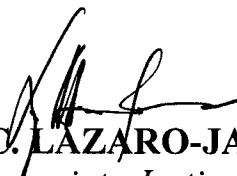
**ANTONIO T. CARPIO**  
*Senior Associate Justice*  
*Chairperson*



**ESTELA M. PERLAS-BERNABE**  
*Associate Justice*



**ALFREDO BENJAMIN S. CAGUIOA**  
*Associate Justice*



**AMY C. LAZARO-JAVIER**  
*Associate Justice*

**ATTESTATION**

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

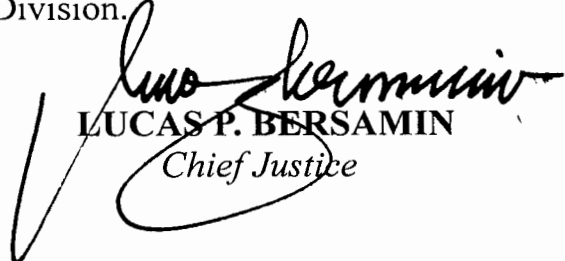


**ANTONIO T. CARPIO**  
*Senior Associate Justice*  
*Chairperson, Second Division*



**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



LUCAS P. BERSAMIN  
*Chief Justice*

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