



Republic of the Philippines
 Supreme Court
 Manila

SECOND DIVISION

RICARDO S. SCHULZE, SR.,
 substituted by his wife, ANA
 MARIA L. SCHULZE as
 President of ELARIS
 INVESTMENT CO., INC., JOSE
 LUIS S. VALDES, SPOUSES
 MARIA ELENA S. VALDES
 AND ANTONIO VALDES, and
 ELARIS INVESTMENT CO.,
 INC.,

Petitioners,

G.R. No. 246565

Present:

PERLAS-BERNABE, S.A.J.,
 Chairperson,
 HERNANDO,
 INTING,
 LOPEZ,* and
 GAERLAN,** JJ.

- versus -

NATIONAL
 CORPORATION
 PHILIPPINE
 BANK,

POWER
 and
 NATIONAL

Respondents.

Promulgated:

10 JUN 2020

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DECISION

PERLAS-BERNABE, J.:

Before the Court is a petition for review on *certiorari*¹ assailing the Decision² dated September 18, 2017 and the Resolution³ dated February 26,

* Designated additional member per Raffle dated February 24, 2020.

** Designated additional member per Special Order No. 2780 dated May 11, 2020.

¹ *Rollo*, pp. 41-52.

² *Id.* at 57-73. Penned by Associate Justice Gabriel T. Robeniol with Associate Justices Edgardo L. Delos Santos (now a Member of this Court) and Edward B. Contreras, concurring.

³ *Id.* at 76-77. Penned by Executive Justice Edgardo L. Delos Santos (now a member of this Court) with Associate Justices Edward B. Contreras and Louis P. Acosta, concurring.

2019 of the Court of Appeals (CA) in CA-G.R. CV No. 03574, which affirmed with modification the Decision⁴ dated January 18, 2010 of the Regional Trial Court of Bacolod City, Branch 49 (RTC) in Civil Case No. 01-11529, and (a) fixed the just compensation for the subject lots at ₱593.86/square meter (sq. m.); (b) deleted the award of attorney's fees; (c) remanded the case to the RTC for the determination of any consequential damages for the remainder of the properties; and (d) ordered the segregation, transfer and registration of the subject lots after payment of the just compensation and consequential damages, if any.

The Facts

On September 7, 2001, respondent National Power Corporation (NAPOCOR)⁵ filed a complaint⁶ for expropriation against petitioner Ricardo S. Schulze, Sr.,⁷ in his capacity as then President of Elaris Investment Co., Inc. and Judicial Guardian of petitioner Jose Luis S. Valdes, petitioners Spouses Antonio and Maria Elena S. Valdes (collectively, petitioners), and respondent Philippine National Bank (PNB)⁸ before the RTC, seeking the acquisition of an easement of right of way over certain portions of land located in Barangay Granada, Bacolod City, Negros Occidental (subject lots), with an aggregate area of 23,563 sq. m., for the construction and maintenance of its 138 KV Bacolod-Cadiz Transmission Line for the Negros IV-Panay Project.⁹ The subject lots each formed part of five (5) large tracts of land,¹⁰ with an aggregate area of 470,443 sq. m.¹¹ NAPOCOR asked to pay a simple easement fee.¹²

⁴ Id. at 143-160. Penned by Presiding Judge Manuel O. Cardinal, Jr.

⁵ NAPOCOR is a government-owned and controlled corporation vested with authority under Republic Act No. 6395, entitled "AN ACT REVISING THE CHARTER OF THE NATIONAL POWER CORPORATION" (approved on September 10, 2001), as amended, to undertake the development of hydroelectric power generation and the production of electricity from nuclear, geothermal, and other sources as well as the transmission of electric power nationwide. To such end, it is authorized to exercise the power of eminent domain; see *NAPOCOR v. Diato-Bernal*, 653 Phil. 345, 347 (2010).

⁶ *Rollo*, pp. 86-90.

⁷ Ricardo S. Schulze, Sr. was the former President and representative of petitioner Elaris Investment Co., Inc., but he passed away during the proceedings before the RTC; thus, the company is now represented by his widow, petitioner Ana Maria L. Schulze; see *id.* at 42 and 145.

⁸ In view of its mortgage liens over the subject properties, PNB was named as a co-defendant of petitioners in the RTC, and was impleaded in the instant petition as respondent in such capacity; see *id.* at 42.

⁹ See *id.* at 59.

¹⁰ The lands are: (1) Lot 1360-B-1-A-4, Psd-06-017654 being a portion of Lot 1360-B-1-A (LRC) Psd-21530, covered by Transfer Certificate of Title (TCT) No. T-156795 registered in the name of Maria Elena S. Valdes, with an area of 88,048 sq. m.; (2) Lot 13-60-A-5, Psd-06-017654, being a portion of Lot 1360-A, Psd-21530, covered by TCT No. T-156789 registered in the name of Ana Maria L. Schulze, with an area of 126,876 sq. m.; (3) Lot 1360-A-6, Psd-06-017654 being a portion of Lot 1360-A, Psd-21530, covered by TCT No. T-156790 registered in the name of Antonio Valdes, with an area of 135,500 sq. m.; (4) Lot 1360-A-7, Psd-06-017654 being a portion of Lot 1360-A, Psd-21530, covered by TCT No. T-156791 registered in the name of Jose Luis S. Valdes, with an area of 119,009 sq. m.; and (5) Lot 1360-B-1-A-3, Psd-06-017654, being a portion of Lot 1360-B-1-A (LRC) Psd-295344, covered by TCT No. T- No. 156794 registered in the name of Jose Luis S. Valdes, with an area of 1,010 sq. m. (see records [Vol. I], pp. 7-29).

¹¹ See *rollo*, p. 60.

¹² See *id.* at 151.

In their Answer,¹³ petitioners contended that: (a) the assessed and corresponding market values of their lands have already increased several folds; and (b) apart from the area sought to be expropriated, the remainder¹⁴ of their lots (affected lots) will suffer a reduction in value due to the installation of NAPOCOR's posts, transmission lines, transformers, and other facilities, for which they are entitled to consequential damages.¹⁵

NAPOCOR was eventually granted a Writ of Possession,¹⁶ after petitioners received the amount of ₱519,851.47,¹⁷ representing 100% of the Bureau of Internal Revenue (BIR) zonal valuation of the subject lots, *i.e.*, ₱400,571.00¹⁸ plus the value of the improvements built thereon valued in the amount of ₱119,280.47.¹⁹ **NAPOCOR was able to obtain possession of the subject lots on December 19, 2003 (date of actual taking).**²⁰

The RTC appointed a Board of Commissioners to determine the just compensation for the properties²¹ which, thereafter, submitted a Court Commission's Report²² dated October 13, 2008, recommending that the subject lots be valued at ₱593.86/sq. m.,²³ based on the market value of

¹³ See Answer dated October 26, 2001 (*id.* at 129-131) filed by petitioners, with the exception of PNB, who instead filed a manifestation stating that its only interest over the subject properties was the mortgage liens over the same (*id.* at 60).

¹⁴ Computed as follows:

470,443 sq. m.	Aggregate area of the 5 tracts of land
- 23,563	Subject lots
<u>446,880 sq. m.</u>	Affected lots

¹⁵ See *rollo*, pp. 129-130.

¹⁶ See Writ of Possession dated October 1, 2003 issued by Presiding Judge Ramon D. Delariarte; records (Vol. I), pp. 429-431.

¹⁷ The total sum was deposited in Savings Account No. 0421-2012-85 under the names of petitioners in the Bacolod Branch of the Land Bank of the Philippines; see *id.* at 352-355.

¹⁸ Computed as follows:

23,563 sq. m.	Portion expropriated
x ₱17.00	BIR zonal valuation/sq. m.
<u>₱400,571.00</u>	BIR zonal valuation for the subject lots

¹⁹ See records (Vol. I), p. 354.

²⁰ See Sheriff's Return dated December 30, 2003 (*id.* at 427); and Delivery of Possession dated December 19, 2003 (*id.* at 428).

²¹ See Order dated August 26, 2003; *id.* at 349. See also *rollo*, pp. 60 and 146.

²² *Rollo*, pp. 132-142.

²³ See *id.* at 142. The recommended value was computed as follows:

Market Value of the Original Area 470,443 sq. m. @ ₱300 per square meter	₱141,132,900
Less: Market Value of the Area Occupied 23,563 sq. m. @ ₱300 per sq. m.	7,068,900
	<u>134,064,000</u>
Less: Severance Damage on the segregated area 189,918 sq. m. @ ₱30 per sq. m.	5,697,540
	<u>128,366,460</u>
Less: External Obsolescence due to the fear in the marketplace 40,894 sq. m. @ ₱30 per sq. m.	1,226,820
Market Value of the Subject Property after the taking	<u>₱127,139,640</u>

similar properties in the years 2002 and 2003, as well as other factors, such as: property location, desirability, neighborhood, utility, and size.²⁴ NAPOCOR objected to the findings of the commissioners, arguing that the commissioners erred in valuing the properties based on market data for the years 2002 and 2003, instead of the year 2001, when the complaint was filed.²⁵

The RTC Ruling

In a Decision²⁶ dated January 18, 2010, the RTC adopted the findings of the commissioners and fixed the just compensation for the subject lots at ₱13,993,260.00.²⁷ It held that the recommended valuation rate of ₱593.86/sq. m. was their approximate market value since they are located in an area where land development is changing from general agricultural use to residential development. It also found it proper to award the amount of ₱26,538,415.68 as consequential damages,²⁸ representing 10% of the fair market value of the affected lots, considering that their values were impaired because of the presence of NAPOCOR's posts and high tension transmission lines on the subject lots. It likewise awarded ₱100,000.00 attorney's fees in favor of petitioners who were forced to hire the services of a lawyer in order to protect their rights.²⁹

Dissatisfied, NAPOCOR appealed³⁰ to the CA. On the other hand, petitioners, in their appellee's brief,³¹ claimed that the trial court erred in failing to impose legal interest on the monetary awards.³²

XI. CONCLUSION

Market Value before the taking	₱141,132,900
Less: Market Value before the taking	₱127,139,640
Just Compensation	<u>₱ 13,993,260</u>

²⁴ See *id.* at 154-155. See also *id.* at 133-137.

²⁵ See *id.* at 155-156.

²⁶ *Id.* at 143-160.

²⁷ See *id.* at 157-158.

²⁸ Computed as follows:

446,880 sq. m.	Affected lots
x ₱593.86/sq. m.	Recommended valuation rate
₱265,384,156.80	Fair market value
x 10%	Estimated percentage
<u>₱ 26,538,415.68</u>	Consequential damages

²⁹ See *rollo*, pp. 158-159.

³⁰ See Brief for the Plaintiff-Appellant dated August 24, 2011; *CA rollo*, pp. 38-56.

³¹ See Brief for the Defendant-Appellees dated May 4, 2012; *rollo*, pp. 201-220.

³² See *id.* at 218-219.

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The CA Ruling

In a Decision³³ dated September 18, 2017, the CA upheld the just compensation fixed for the subject lots for being duly supported by uncontroverted facts confirmed by ocular inspection, and found no cogent reason to disturb the same.³⁴ However, it found the award of consequential damages to be improper for being speculative, and remanded the case back to the trial court for further reception of evidence.³⁵ It likewise deleted the award of attorney's fees in the absence of showing of any irregularity in the expropriation proceedings.³⁶ On the other hand, it denied petitioners' claim of interest considering their failure to appeal the RTC Decision which was silent on any award of legal interest.³⁷

Undaunted, petitioners moved for partial reconsideration³⁸ of the CA Decision, which was denied in a Resolution³⁹ dated February 26, 2019. Hence, the instant petition.

The Issue Before the Court

The issues raised in the present petition are: (a) whether the CA erred in remanding the case to determine the proper amount of consequential damages; and (b) whether the CA erred in failing to impose legal interest on the award of just compensation.⁴⁰

The Court's Ruling

The petition is partly meritorious.

At the outset, it bears stressing that only questions of law may be raised and resolved by this Court on petitions brought under Rule 45 of the Rules of Court, and that, as a rule, factual findings of the lower courts are generally considered final and binding on this Court.⁴¹ As an exception, however, when there is a misapprehension of facts or when inferences drawn from the facts are manifestly mistaken, the Court is empowered to pass upon factual issues,⁴² as in this case.

³³ Id. at 57-73.

³⁴ See id. at 66-68.

³⁵ See id. at 69.

³⁶ See id. at 70.

³⁷ See id. at 72.

³⁸ See partial motion for reconsideration dated November 7, 2017; id. at 78-85.

³⁹ Id. at 76-77.

⁴⁰ See id. at 46.

⁴¹ See *Borja v. Miñoza*, 812 Phil. 133, 144 (2017).

⁴² See *New City Builders Inc. v. National Labor Relations Commission*, 499 Phil. 207, 212-213 (2005).

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Guided by the foregoing considerations, the Court finds that the CA erred in ruling that the award of consequential damages was not supported by evidence.⁴³ Case law provides that the amount of just compensation an owner is entitled to receive is equivalent to the fair market value of the property to be expropriated. Nevertheless, where only a portion of a certain property is to be acquired, the owner is not restricted only to compensation for the part actually taken, but is **likewise entitled to recover consequential damages for the remainder of the property, which may suffer an impairment or decrease in value as an incidental result of the expropriation, provided such fact is proven by sufficient evidence.**⁴⁴ The award of consequential damages is recognized under Section 6, Rule 67 of the Rules of Court, which reads:

Section 6. *Proceedings by Commissioners.* — Before entering upon the performance of their duties, the commissioners shall take and subscribe an oath that they will faithfully perform their duties as commissioners, which oath shall be filed in court with the other proceedings in the case. Evidence may be introduced by either party before the commissioners who are authorized to administer oaths on hearings before them, and the commissioners shall, unless the parties consent to the contrary, after due notice to the parties to attend, view and examine the property sought to be expropriated and its surroundings, and may measure the same, after which either party may, by himself or counsel, argue the case. **The commissioners shall assess the consequential damages to the property not taken and deduct from such consequential damages the consequential benefits to be derived by the owner from the public use or purpose of the property taken, the operation of its franchise by the corporation or the carrying on of the business of the corporation or person taking the property. But in no case shall the consequential benefits assessed exceed the consequential damages assessed, or the owner be deprived of the actual value of his property so taken.** (Emphasis supplied)

In this case, records⁴⁵ show that the value of the affected lots was impaired on account of their close proximity to the power posts, transmission lines, and other facilities installed on the subject lots, which constrained the use of the properties, and created a perceived fear of radiation, electrocution, and other health risks in the minds of prospective buyers.⁴⁶ Notably, the RTC observed that “given their nature, high powered transmission lines would necessarily diminish – if not entirely damage – the value and use of the property as well as endanger lives and limbs[.]”⁴⁷ and “the existence of [NAPOCOR’S] posts and high tension transmission lines which traversed [petitioners’] properties would impair their prices or value

⁴³ See *rollo*, p. 69.

⁴⁴ See *Republic v. Spouses Salvador*, 810 Phil. 742, 747 (2017); *Republic v. Cebuan*, 810 Phil. 767, 782 (2017); and *Republic v. C.C. Unson Company, Inc.*, 781 Phil. 770, 786 (2016).

⁴⁵ See Just Compensation Appraisal of Property dated June 21, 2006; records (Vol. I), pp. 687-699.

⁴⁶ See *id.* at 697.

⁴⁷ See *rollo*, p. 157.

to some extent.”⁴⁸ This finds support in the Court Commission’s Report⁴⁹ dated October 13, 2008, which was quoted and adopted by the RTC, viz.:

Based upon an analysis of the prevailing land usage in the neighborhood and the property itself, we are of the opinion that the following land use would represent the highest and best use of the property:

Before the taking – the whole property could be developed to a pleasant residential subdivision with a view of the adjoining properties.

After the taking – portions of the property have been occupied, segregated and affected by power transmission lines that **deprived the property owners from developing the whole property to a pleasant residential subdivision without any eye sore or danger of being affected by the radiation emitted by the power lines.** The damage caused to the adjoining area affected by the power lines is due to **the fear in the marketplace or the external obsolescence caused by the proximity to the power lines** and not due to corona ions that can risk causing childhood leukemia and other illnesses like cancer to both children and adults.⁵⁰

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x x x [S]everance damage is the decrease in market value of the remaining property of an owner caused by the taking of the part of his property. In this exercise, severance damage is noted on the remaining land area.

The severance damage on the remaining land area is based on the reduction of value in the highest and best use of that portion of the property that has been segregated from the main parcel of land thus making it less desirable to develop to a residential subdivision.

The external obsolescence on the adjoining property is based on the fear in the market place due to the proximity of the power transmission lines. This is depreciation on property values similar to the effect of the presence of a squatter colony, sidewalk vendors, railroad tracks, airport runway, noise or polluting factory or heavy traffic.⁵¹

In previous cases, the Court has recognized the payment of consequential damages to compensate property owners – as petitioners in this case – for **the adverse effect caused by power transmission lines to “the market value of the land x x x [considering that] potential buyers x x x would shy away from building their houses in the proximity of such high voltage transmission lines.”**⁵² Accordingly, the payment of consequential damages in favor of petitioners is in order.

⁴⁸ See id. at 158.

⁴⁹ Id. at 132-142.

⁵⁰ See id. at 139-140; emphases supplied.

⁵¹ See id. at 141; emphasis supplied.

⁵² *National Transmission Corporation v. Lacson-De Leon*, G.R. No. 221624, July 4, 2018, 870 SCRA 617, 633.

This notwithstanding, the Court agrees with the CA in holding that the consequential damages in an amount equivalent to 10% of the fair market value of the affected lots are speculative and without basis. As the CA correctly held, there appears to be no reliable and actual data supporting the estimated valuation fixed by the RTC. Thus, the award of consequential damages in the amount of ₱26,538,415.68 must be set aside.

However, the Court finds it unnecessary to order the remand of the case to determine the proper amount of consequential damages since jurisprudence has already provided for a reasonable basis to compute the same in similar cases. In *NAPOCOR v. Marasigan*⁵³ (*Marasigan*), the Court had fixed the amount of consequential damages at the rate of 50% of the BIR zonal valuation of the affected property. Notably, *Marasigan* similarly involved the expropriation of an easement of right of way brought about by the installation of transmission lines, as in this case. As observed by the Court, the said amount was derived from the recommendation of the appraisal committee which, after ocular inspection, had evaluated the effects of installing transmission lines to the value of the properties, *i.e.*, that they may no longer be used either for commercial or residential purposes, *viz.*:

Respondents in this case claim consequential damages for the areas in between the transmission lines which were rendered unfit for use. “Dangling” areas, as defined under National Power Board Resolution No. 94-313, refer to those remaining small portions of the land not traversed by the transmission line project but which are nevertheless rendered useless in view of the presence of the transmission lines. The appraisal committee determined the total dangling area to be 41,867 square meters and consequently recommended the payment of consequential damages equivalent to 50% of the BIR zonal value per square meter or for a total amount of ₱22,227,800.

In arriving at its recommendation to pay consequential damages, the appraisal committee conducted an ocular inspection of the properties and observed that the areas before and behind the transmission lines could no longer be used either for commercial or residential purposes. Despite this determination, NPC insists that the affected areas cannot be considered as “dangling” as these may still be used for agricultural purposes. In so arguing, NPC loses sight of the undisputed fact that the transmission lines conveying high-tension current posed danger to the lives and limbs of respondents and to potential farm workers, making the affected areas no longer suitable even for agricultural production. Thus, the Court finds no reason to depart from the assessment of the appraisal committee, as affirmed and adopted by the RTC.⁵⁴

The foregoing formula was then adopted in the fairly recent case of *National Transmission Corporation v. Lacson-De Leon*⁵⁵ (*Lacson-De Leon*), wherein it was held that “the more reasonable computation is the one laid

⁵³ *NAPOCOR v. Marasigan*, G.R. No. 220367, November 20, 2017, 845 SCRA 248.

⁵⁴ *Id.* at 269-270.

⁵⁵ *Supra* note 52.

down in *NAPOCOR v. Marasigan*, which is 50% of the BIR zonal valuation of the affected property,”⁵⁶ viz.:

The award of consequential damages is limited to 50% of the BIR zonal valuation of the property segregated by the electric transmission lines

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x x x In *NAPOCOR v. Marasigan*, the Court awarded consequential damages equivalent to 50% of the BIR zonal valuation of the property segregated by the electric transmission lines, thus:

X X X X

Respondents in this case claim consequential damages for the areas in between the transmission lines which were rendered unfit for use. “Dangling” areas, as defined under National Power Board Resolution No. 94-313, refer to those remaining small portions of the land not traversed by the transmission line project but which are nevertheless rendered useless in view of the presence of the transmission lines. The appraisal committee determined the total dangling area to be 41,867 square meters and consequently recommended the payment of consequential damages equivalent to **50% of the BIR zonal value per square meter** or for a total amount of ₱22,227,800. (Emphasis in the original)

In arriving at its recommendation to pay consequential damages, the appraisal committee conducted an ocular inspection of the properties and observed that the areas before and behind the transmission lines could no longer be used either for commercial or residential purposes. Despite this determination, NPC insists that the affected areas cannot be considered as “dangling” as these may still be used for agricultural purposes. In so arguing, NPC loses sight of the undisputed fact that the transmission lines conveying high-tension current posed danger to the lives and limbs of respondents and to potential farm workers, making the affected areas no longer suitable even for agricultural production. Thus, the Court finds no reason to depart from the assessment of the appraisal committee, as affirmed and adopted by the RTC.

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While the award of consequential damages is proper, the Court finds the amount of 10% of the fair market value of the segregated property without basis. Rather, the more reasonable computation is the one laid down in *NAPOCOR v. Marasigan*, which is 50% of the BIR zonal valuation of the affected property.⁵⁷

⁵⁶ Id. at 654.

⁵⁷ Id. at 631-634; emphasis and underscoring supplied

To note, *Lacson-De Leon* involved the same 138 KV Bacolod-Cadiz Transmission Line for the Negros IV-Panay Project, as in this case. Also, similar to this case, the Court had set aside exactly the same valuation of 10% of the properties' fair market value for being without basis. Hence, finding no cogent reason to the contrary, the formula set by these cases is herein adopted.

Applying the foregoing, the award of consequential damages should therefore yield an amount of **₱3,798,480.00**,⁵⁸ taking into consideration the undisputed BIR zonal valuation of ₱17.00/sq. m.⁵⁹ for the affected lots⁶⁰ at the time the complaint was filed on September 7, 2001. In this regard, it bears pointing out that consequential damages, being a component of just compensation,⁶¹ should be determined based on the value of the properties "as of the date of the taking x x x or the filing of the complaint for expropriation, **whichever came first.**"⁶² Here, the filing of the expropriation complaint evidently preceded the actual taking of the properties on December 19, 2003. Therefore, the BIR zonal valuation prevailing at such

⁵⁸ Computed as follows:

446,880 sq. m.	Affected lots
x ₱17.00/sq. m.	BIR zonal valuation at the time of the filing of the complaint
x 50%	Correct percentage
₱ 3,798,480.00	Consequential damages

⁵⁹ See BIR Certification dated May 2, 2002; records (Vol. I), p. 368-A. Under Department of Finance (DOF) Department Order (DO) No. 46-97 which was effective from *November 24 1997 to December 27, 2002*, the BIR zonal value of sugar lands (Classification A17) in Barangay Granada, Bacolod City, Negros Occidental at the time of the filing of the complaint was **₱17.00/sq. m.** When the BIR zonal value of lands in the area were subsequently updated (through DOF DO No. 65-02, which became effective on *December 28, 2002 until July 7, 2017*), the value of sugar lands (A17) in the area remained unchanged at **₱17.00/sq. m.** See <https://www.bir.gov.ph/index.php/zonal-values.html> (last accessed June 1, 2020).

⁶⁰ To reiterate, the affected lots have an area of 446,880 sq. m.:

470,443 sq. m.	Aggregate area of the 5 tracts of land
- 23,563	Subject lots
446,880 sq. m.	Affected lots

⁶¹ See *National Transmission Corporation v. Lacson-De Leon*, supra note 52, at 637; and *NAPOCOR v. Marasigan*, supra note 53, at 271-272.

⁶² Section 4, Rule 67 of the Rules of Court reckons the determination of just compensation on either the date of the taking or the filing of the complaint, whichever is earlier, thus:

Section 4. *Order of Expropriation.* – If the objections to and the defenses against the right of the plaintiff to expropriate the property are overruled, or when no party appears to defend as required by this Rule, the court may issue an order of expropriation declaring that the plaintiff has a lawful right to take the property sought to be expropriated, for the public use or purpose described in the complaint, upon the payment of **just compensation to be determined as of the date of the taking of the property or the filing of the complaint, whichever came first.**

x x x (Emphasis supplied)

However, in *Lacson-De Leon* (supra note 52, at 628), the Court ruled that even if the valuation of the property was not made on the date of filing of the complaint, "to the mind of the Court, no significant change in the fair market value could have happened" within the three (3)-year period between the date of the filing of the complaint and the date the commissioners filed their report containing their recommendation, factual findings, observations and conclusions, and as such, saw no reason to deviate therefrom.

earlier point in time should be the proper basis in determining the amount of consequential damages.

For another, petitioners contend that the CA erred in failing to impose legal interest on the award of just compensation. To recount, the CA held that since petitioners failed to appeal the RTC Decision which was silent on legal interest, the same was already final as to them. While it is a basic rule that “a decision that has acquired finality becomes immutable and unalterable[,] and may no longer be modified in any respect even if the modification is meant to correct erroneous conclusions of fact or law,”⁶³ the Court has, in exceptional and compelling cases,⁶⁴ relaxed its rigid application to serve substantial justice.⁶⁵ Among others, in the case of *Apo Fruits Corporation v. Land Bank of the Philippines*,⁶⁶ **the Court relaxed the doctrine of immutability of judgment and ordered the imposition of legal interest on the just compensation award.** The Court reasoned that despite the immutability doctrine, the award of legal interest remains warranted **in deference to the constitutional right of owners to receive the fair and full amount of “just” compensation** for property taken by the State, *viz.*:

Apart from the requirement that compensation for expropriated land must be fair and reasonable, compensation, to be “just,” **must also be made without delay. Without prompt payment, compensation cannot be considered “just” if the property is immediately taken as the property owner suffers the immediate deprivation of both his land and its fruits or income.**

x x x x

We recognized in *Republic v. Court of Appeals* [433 Phil. 106 (2002)] **the need for prompt payment and the necessity of the payment of interest to compensate for any delay in the payment of compensation for property already taken.** We ruled in this case that:

The constitutional limitation of “just compensation” is considered to be the sum equivalent to the market value of the property, broadly described to be the price fixed by the seller in open market in the usual and ordinary course of legal action and competition or the fair value of the property as between one who receives, and one who desires to sell, i[f] fixed at the time of the actual taking by the government. Thus, **if property is taken for public use**

⁶³ *Spouses Genato v. Viola*, 625 Phil. 514, 528-529 (2010).

⁶⁴ “The Court has further allowed the relaxation of the rigid rule on the immutability of a final judgment in order to serve substantial justice in considering: (1) matters of life, liberty, honor or property; or (2) the existence of special or compelling circumstances; or (3) the merits of the case; or (4) a cause not entirely attributable to the fault or negligence of the party favored by the suspension of the rules; or (5) a lack of any showing that the review sought is merely frivolous and dilatory; or (6) the other party will not be unjustly prejudiced thereby.” See *Estalilla v. Commission on Audit*, G.R. No. 217448, September 10, 2019.

⁶⁵ *FGU Insurance Corporation v. Regional Trial Court of Makati City, Branch 66*, 659 Phil. 117, 123 (2011).

⁶⁶ 647 Phil. 251 (2010).

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before compensation is deposited with the court having jurisdiction over the case, the final compensation must include interest[s] on its just value to be computed from the time the property is taken to the time when compensation is actually paid or deposited with the court. In fine, between the taking of the property and the actual payment, legal interest[s] accrue in order to place the owner in a position as good as (but not better than) the position he was in before the taking occurred.⁶⁷

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As a rule, a final judgment may no longer be altered, amended or modified, even if the alteration, amendment or modification is meant to correct what is perceived to be an erroneous conclusion of fact or law and regardless of what court, be it the highest Court of the land, rendered it. In the past, however, we have recognized exceptions to this rule by reversing judgments and recalling their entries in the interest of substantial justice and where special and compelling reasons called for such actions.⁶⁸

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That the issues posed by this case are of transcendental importance is not hard to discern from these discussions. A constitutional limitation, guaranteed under no less than the all-important Bill of Rights, is at stake in this case: how can compensation in an eminent domain be “just” when the payment for the compensation for property already taken has been unreasonably delayed?⁶⁹

Further, in the same case, the Court discussed that a contrary ruling denying interest in the just compensation award would not only be an aberration of our settled jurisprudence on the matter but also run counter to the societal objective of agrarian reform:

As duly noted in the above discussions, this issue is not one of first impression in our jurisdiction; the consequences of delay in the payment of just compensation have been settled by this Court in past rulings. Our settled jurisprudence on the issue alone accords this case primary importance as a contrary ruling would unsettle, on the flimsiest of grounds, all the rulings we have established in the past.

More than the stability of our jurisprudence, the matter before us is of transcendental importance to the nation because of the subject matter involved – agrarian reform, a societal objective that the government has unceasingly sought to achieve in the past half century. This reform program and its objectives would suffer a major setback if the government falters or is seen to be faltering, wittingly or unwittingly, through lack of good faith in implementing the needed reforms. Truly, agrarian reform is so important to the national agenda that the Solicitor

⁶⁷ Id. at 273-274; emphases supplied.

⁶⁸ Id. at 288; emphases and underscoring supplied.

⁶⁹ Id. at 289-290; emphasis and underscoring supplied.

General, no less, pointedly linked agricultural lands, its ownership and abuse, to the idea of revolution. This linkage, to our mind, remains valid even if the landowner, not the landless farmer, is at the receiving end of the distortion of the agrarian reform program.

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x x x [R]ules of procedure should be viewed as mere tools designed to facilitate the attainment of justice. Their strict and rigid application, which would result in technicalities that tend to frustrate rather than promote substantial justice, must always be eschewed. Even the Rules of Court reflects this principle. The power to suspend or even disregard rules can be so pervasive and compelling as to alter even that which this Court itself had already declared to be final.⁷⁰

Thus, in light of the foregoing, legal interest at the rate of 12% per annum (p.a.) from the time of actual taking, *i.e.*, December 19, 2003, up to June 30, 2013, and thereafter, at 6% p.a. until full payment⁷¹ should be imposed on the unpaid balance of the just compensation in the amount of **₱13,473,408.53**,⁷² as well as on the consequential damages in the amount of **₱3,798,480.00**. To be sure, the delay in the payment of just compensation amounts to an effective forbearance of money on the part of the State⁷³ that “accrues as a matter of law and follows as a matter of course from the landowner’s right to be placed in as good a position as money can accomplish, **as of the date of taking.**”⁷⁴ Hence, the award of legal interest is but proper in this case.

WHEREFORE, the petition is **PARTLY GRANTED**. The Decision dated September 18, 2017 and the Resolution dated February 26, 2019 of the Court of Appeals in CA-G.R. CV No. 03574 are hereby **AFFIRMED** with **MODIFICATION**. Accordingly, respondent National Power Corporation is hereby **ORDERED** to pay petitioners Ricardo S. Schulze, Sr., substituted by his wife, Ana Maria L. Schulze as President of Elaris Investment Co., Inc., Jose Luis S. Valdes, Spouses Antonio and Maria Elena S. Valdes, and Elaris Investment Co., Inc., and respondent Philippine National Bank, according to their respective interests, the following amounts:

⁷⁰ Id. at 290-291.

⁷¹ See *Nacar v. Gallery Frames*, 716 Phil. 267, 283 (2013).

⁷² Representing the difference between the amount of just compensation fixed for the subject lots, *i.e.*, ₱13,993,260.00, and the initial deposit in the amount of ₱519,851.47. See Resolution dated September 20, 2003; records (Vol. I), pp. 352-355. See also *Evergreen Manufacturing Corporation v. Republic* (817 Phil. 1048, 1069 [2017]), where the Court declared that: “[t]he difference in the amount between the final amount as adjudged by the court and the initial payment made by the government – which is part and parcel of the just compensation due to the property owner – should earn legal interest as a forbearance of money.”

⁷³ See Court’s Resolution in *Land Bank of the Philippines v. Barrido*, G.R. No. 198478, March 6, 2019. See also *Evergreen Manufacturing Corporation v. Republic*, *id.*

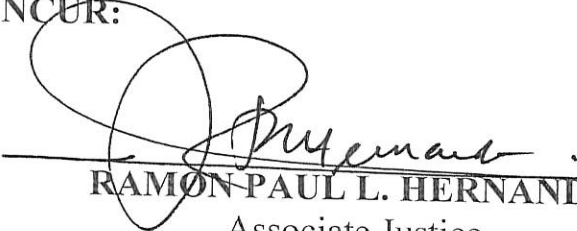
⁷⁴ *Rebadulla v. Republic*, G.R. Nos. 222159 and 222171, January 31, 2018, 853 SCRA 602, 623. See also Court’s Resolution in *Land Bank of the Philippines v. Barrido*, *id.*, where the Court noted that: “[j]ust compensation does not only refer to the full and fair equivalent of the property taken. It also means payment in full without delay. It is presumed that there is delay if the government failed to pay the property owner the full amount of just compensation on the date of taking.”


- (1) The unpaid balance of the just compensation in the amount of ₱13,473,408.53 for the taking of the subject lots with an aggregate area of 23,563 square meters (sq. m.);
- (2) The amount of ₱3,798,480.00 representing the consequential damages equivalent to 50% of the Bureau of Internal Revenue zonal valuation of the affected lots, with a net area of 446,880 sq. m., as of the date of the filing of the complaint; and
- (3) Legal Interest on the total amount of just compensation, *i.e.*, the unpaid balance plus consequential damages, at the rate of 12% per annum (p.a.) from the time of actual taking on December 19, 2003, up to June 30, 2013, and thereafter, at 6% p.a. until full payment.

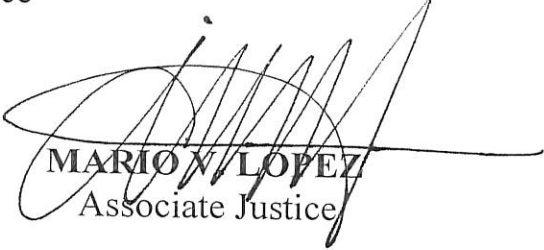
SO ORDERED.



ESTELA M. PERLAS-BERNABE
Senior Associate Justice

WE CONCUR:


RAMON PAUL L. HERNANDO
Associate Justice



HENRI JEAN PAUL B. INTING
Associate Justice


MARIO X. LOPEZ
Associate Justice


SAMUEL H. GAERLAN
Associate Justice

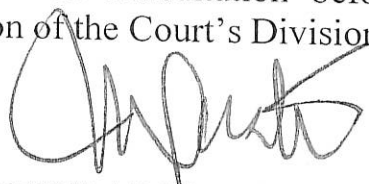
A T T E S T A T I O N

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.


ESTELA M. PERLAS-BERNABE
Senior Associate Justice
Chairperson, Second Division

C E R T I F I C A T I O N

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.


DIOSDADO M. PERALTA
Chief Justice