

SECOND DIVISION

[G.R No. 214782, April 03, 2019]

**NATIONAL TRANSMISSION CORPORATION, PETITIONER, VS.
BERMUDA DEVELOPMENT CORPORATION, RESPONDENT.**

DECISION

CAGUIOA, J:

Before the Court is a Petition for Review^[1] (Petition) under Rule 45 of the Rules of Court seeking the review and reversal of the Decision^[2] dated May 29, 2014 and Resolution^[3] dated October 7, 2014 of the Court of Appeals^[4] (CA) in CA-G.R. SP No. 120310. The CA Decision affirmed the Orders dated July 29, 2010^[5] and May 30, 2011^[6] of the Regional Trial Court, Branch 24, of Biñan, Laguna (RTC, Branch 24) in Civil Case No. B-7880^[7]. The CA Resolution denied the motion for reconsideration filed by petitioner National Transmission Corporation (TransCo).

The Facts and Antecedent Proceedings

The CA Decision narrates the factual antecedents as follows:

On 22 December 2009, Respondent Bermuda Development Corporation (BDC) filed a case for Unlawful Detainer against Petitioner National Transmission Corporation ([TransCo] with the Municipal Trial Court (MTC) of Cabuyao. The case was docketed as Civil Case No. 2498.

On 23 January 2009, [TransCo] filed its Answer with Affirmative and Compulsory Counterclaim.

After due proceedings, on 24 August 2009, the MTC rendered a Decision, the *fallo* of which reads:

"WHEREFORE, judgment is rendered in favor of plaintiff and against defendant. Accordingly, defendant and all persons claiming rights under it are ordered:

1. to vacate the subject lot and remove all structures thereon, known as Lot 10-B, Psd. 043404-058243 consisting of 8,920 square meters located at Barangay Banlic, Cabuyao, Laguna and covered by TCT No. T-258244 of the Registry of Deeds of the Province of Laguna and peacefully surrender possession thereof to plaintiff;
2. to pay plaintiff the amount of P10,350,000.00 as

reasonable monthly rental computed from December 13, 2008 until it and all persons claiming rights under it completely vacate the subject premises;

3. to pay plaintiff the amounts of P50,000.00 as attorney's fee and P5,000.00 per Court appearance and the cost of suit.

SO ORDERED."

On 17 September 2009, Petitioner [TransCo] interposed an appeal before the RTC, Branch 24 of Biñan, Laguna. Respondent BDC, on the other hand, filed an Urgent Motion for Execution of the aforesaid 24 August 2009 Decision of the MTC of Cabuyao.

On 28 October 2009, RTC, Branch 24 granted Respondent BDC's Urgent Motion for Execution. A Writ of Execution Pending Appeal was then issued by the said court.

Proceeding from the immediately cited Writ of Execution, the trial court *a quo* issued a Notice of Garnishment on 06 November 2009, against Petitioner [TransCo's] account with the Land Bank of the Philippines.

On 10 November 2009, Petitioner [TransCo] filed an Omnibus Motion asking for the reconsideration of the trial court *a quo's* 28 October 2009 Order granting Respondent BDC's Urgent Motion for Execution. Petitioner likewise prayed for the quashal of the 30 October 2009 Writ of Execution and 06 November 2009 Notice of Garnishment.

In the meantime, on 21 January 2010, Petitioner [TransCo] filed a Complaint for Expropriation of the parcel of land covered by Transfer Certificate of Title No. 258244, (the same property subject of the Unlawful Detainer Case) before the RTC of Biñan, Laguna. The case was raffled to and eventually heard by Branch 25 thereof, and docketed as Civil Case B-7972.

Subsequently, on 25 February 2010, Petitioner [TransCo] filed with RTC Branch 25 an Urgent *Ex-Parte* Motion for the Issuance of a Writ of Possession.

Petitioner [Transco] then deposited the amount of P10,704,000.00 with the Landbank of the Philippines, purportedly representing the provisional value of the property sought to be expropriated. Consequently, on 29 March 2010, RTC Branch 25 issued an Order granting Petitioner's Urgent *Ex-Parte* Motion for the Issuance of a Writ of Possession.

Meanwhile, on 29 July 2010, RTC, Branch 24 dismissed Petitioner [TransCo's] appeal in the unlawful detainer case for being "moot and academic", *viz.:*

"With the filing of an expropriation proceeding covering subject property by defendant-appellant TRANSCO (NTC) and possession thereof having been formally delivered to it already per Sheriffs Report dated July 7, 2010 of Sheriff IV Andrew A. Santos, this Court is of the considered opinion that the issue in this appealed case which is also possession has become moot and academic. In filing said expropriation proceeding, defendant-appellant TRANSCO may also be considered to have abandoned its appeal.

WHEREFORE, premises considered, the instant appeal is hereby ordered Dismissed. Consequently, all pending incidents in this appealed case had been rendered mooted by the dismissal of the case.

x x x x"

Petitioner [TransCo] seasonably sought for a reconsideration of the adverse ruling but the same was denied by RTC Branch 24 in its Order dated 30 May 2011. [In addition, the said Order stated that with the dismissal of Petitioner [TransCo's] appeal, the record of the case was ordered remanded to the lower court for enforcement of the judgment regarding the rental in arrears which was not included in the computation of just compensation.^[8]

Hence, [the] Petition [for Review under Rule 42 of the Rules before the CA].^[9]

Ruling of the CA

The CA in its Decision dated May 29, 2014 dismissed TransCo's petition and affirmed the Orders dated July 29, 2010 and May 30, 2011 both issued by the RTC, Branch 24.^[10]

The CA reasoned out that it would be circuitous for the CA to require TransCo to first vacate the subject property covered by Transfer Certificate of Title No. T-258244 in view of the adverse judgment in the unlawful detainer case of the Municipal Trial Court of Cabuyao (MTC), and then soon thereafter, restore it again in possession of the property on account of the writ of possession issued by the RTC, Branch 25, the court where the expropriation case is pending.^[11] The CA added that this sort of pernicious and unreasonable delay of government infrastructure/development projects will not be countenanced by it.^[12]

As to the rental in arrears in the amount of P10,350,000.00 computed from December 13, 2008, which the MTC ordered TransCo to pay to Bermuda Development Corporation (BDC) in the unlawful detainer case, the amount should be collected in the enforcement of the judgment by the MTC once it has become

final and executory considering that the said amount was not included in the computation of just compensation in the eminent domain case filed before the RTC, Branch 25.^[13]

The dispositive portion of the CA Decision states:

WHEREFORE, premises considered, the Petition is **DISMISSED**. Orders dated 29 July 2010 and 30 May 2011 both issued by the Regional Trial Court, Branch 24, of Biñan, Laguna are hereby **AFFIRMED**.

SO ORDERED.^[14]

TransCo filed a motion for reconsideration, which was denied by the CA in its Resolution^[15] dated October 7, 2014.

Hence, the instant Rule 45 Petition. BDC filed its Comment^[16] dated September 10, 2015. TransCo filed its Reply ^[17] dated January 29, 2016.

The Issue

The Petition raises the sole issue: whether the RTC erred in dismissing TransCo's appeal allegedly because it has become moot and academic with the filing of the expropriation complaint involving the same property subject of the unlawful detainer case. ^[18]

TransCo takes the position that a case for recovery of possession or ejectment suit against a public service corporation, endowed with the power of eminent domain, will not prosper as there can only remain to the owner a right of just compensation and the RTC, Branch 24, after finding that TransCo is a public service corporation with expropriation powers, should have ordered the dismissal of the complaint for unlawful detainer for certainly BDC has no right to the remedies of ejectment or injunction, but only for the recovery of the value of the land taken, and the consequential damage, if any, especially given that the structure has been in existence before BDC acquired the subject property.^[19]

The Court's Ruling

The Petition is meritorious.

The Court in *Forfom Development Corporation v. Philippine National Railways*^[20] (*Forfom*) traced the jurisprudence dating back to 1915 involving the attempt to compel a public service corporation, endowed with the power of eminent domain, to vacate the property it had occupied without first acquiring title thereto by negotiated purchase or expropriation proceedings, viz.:

In *Manila Railroad Co. v. Paredes*,^[21] the first case in this jurisdiction in which there was an attempt to compel a public service corporation, endowed with the power of eminent domain, to vacate the property it had occupied without first acquiring title thereto by amicable purchase or expropriation proceedings, we said:

x x x whether the railroad company has the capacity to acquire the land in dispute by virtue of its delegated power of eminent domain, and, if so, whether the company occupied the land with the express or implied consent or acquiescence of the owner. If these questions of fact be decided in the affirmative, it is uniformly held that an action of ejectment or trespass or injunction will not lie against the railroad company, but only an action for damages, that is, recovery of the value of the land taken, and the consequential damages, if any. The primary reason for thus denying to the owner the remedies usually afforded to him against usurpers is the irremedial injury which would result to the railroad company and to the public in general. It will readily be seen that the interruption of the transportation service at any point on the right of way impedes the entire service of the company and causes loss and inconvenience to all passengers and shippers using the line. Under these circumstances, public policy, if not public necessity, demands that the owner of the land be denied the ordinary remedies of ejectment and injunction. The fact that the railroad company has the capacity to eventually acquire the land by expropriation proceedings undoubtedly assists in coming to the conclusion that the property owner has no right to the remedies of ejectment or injunction. There is also something akin to equitable estoppel in the conduct of one who stands idly by and watches the construction of the railroad without protest. x x x. But the real strength of the rule lies in the fact that it is against public policy to permit a property owner, under such circumstances, to interfere with the service rendered to the public by the railroad company. x x x. (I)f a landowner, knowing that a railroad company has entered upon his land and is engaged in constructing its road without having complied with a statute requiring either payment by agreement or proceedings to condemn, remains inactive and permits it to go on and expend large sums in the work, he is estopped from maintaining either trespass or ejectment for the entry, and will be regarded as having acquiesced therein, and will be restricted to a suit for damages.

Further, in *De Ynchausti v. Manila Electric Railroad & Light Co.*,^[22] we ruled: