

THIRD DIVISION

[G.R. No. 226355, January 24, 2018]

**REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS (DPWH),
PETITIONER, V. HEIRS OF CIRILO GOTENGCO, RESPONDENTS.**

D E C I S I O N

GESMUNDO, J.:

This is a petition for review on *certiorari* filed under Rule 45 of the Revised Rules of Court assailing the Decision^[1] and Resolution^[2] of the Court of Appeals (CA) dated February 26, 2016 and August 9, 2016, respectively, which denied the petition for *certiorari* filed by the Republic of the Philippines, represented by the Department of Public Works and Highways, imputing grave abuse of discretion on the Regional Trial Court (RTC) of Calamba City, Laguna, Branch 35, for amending the Modified Partial Decision^[3] dated February 15, 2001, which has become final and executory.

The Antecedents

The facts of this case are undisputed.

On May 16, 1977, the Republic of the Philippines, through the Department of Public Works and Highways (*DPWH*), hereinafter referred to as "Republic" for brevity, expropriated the property of respondents Cirilo Gotengco (*Gotengco*), Preciosa B. Garcia (*Garcia*), and Emilia de Jesus (*de Jesus*) for the purpose of constructing the Manila South Expressway Extension, now known as the South Luzon Expressway.^[4] The expropriation complaint was filed before the RTC of Calamba City, Laguna, Branch 35, docketed as Civil Case No. 184-83-C.

On January 31, 2000, the RTC rendered a Partial Decision^[5] and ordered Republic to pay Gotengco, Garcia, and de Jesus, in the following amounts:

TABLE I:

Property Owner	Lot Expropriated	Just Compensation
Gotengco	13,637 sq.m. at P2,130.00 per sq.m.	P29,046,810.00
de Jesus	15,000 sq.m. at P2,500.00 per sq.m.	P37,500,000.00
Garcia	23,353 sq.m. at P2,130.00 per sq.m.	P49,741,890.00

On February 22, 2000, Republic moved for the reconsideration of the Partial Decision to correct the land area covered for expropriation, which the RTC granted.

In view of the change in the land area, the trial court accordingly adjusted the amount of just compensation, to wit:

TABLE II:

Property Owner	Lot Expropriated	Just Compensation
Gotengco	12,322 sq.m. at P2,130.00 per sq.m.	P26,245,860.00
de Jesus	16,095 sq.m. at P2,500.00 per sq.m.	P40,237,500.00
Garcia	23,353 sq.m. at P2,130.00 per sq.m.	P49,741,890.00

In detail, Gotengco's property, totalling to 12,322 square meters, consisted of three (3) separate lots, to wit:

TABLE III:

Lot No.	Area	For brevity, shall hereinafter referred to as:
Lot 1735-B	9,704 sq. m.	Lot A
Lot 1735-A-7-A	2,148 sq. m.	Lot B
Lot 1735-C-2	470 sq. m.	Lot C

Thus, the dispositive portion of the Modified Partial Decision dated February 15, 2001 of the RTC reads as:

WHEREFORE, conformably with all the foregoing, the Court hereby rules:

1.) The Partial Decision of January 31, 2000, is hereby modified with respect to its dispositive portion to reads as follows:

Wherefore, premises considered, this Court renders judgment fixing the amount of Two Thousand One Hundred Thirty (Php 2,130.00) Pesos per square meter as the just compensation for the properties of defendants Heirs of Cirilo Gotengco and Preciosa B. Garcia and the amount of Two Thousand Five Hundred (P2,500.00) Pesos as just compensation for the property of defendant Emilia De Jesus in accordance with the areas appearing on the above-quoted survey report, to wit:

Heirs of Cirilo	12,322
Gotenco c/o Atty. Gregorio Alcaraz	----- sq.m.
Emilia De Jesus	----- 16,095
	----- sq.m.
Preciosa B. Garcia	----- 23,353
	----- sq.m.

2) The plaintiff Republic of the Philippines represented by the Department of Public Works and Highways (DPWH) is hereby ordered to pay the above defendants accordingly.

SO ORDERED.^[6]

After the Modified Partial Decision had lapsed into finality, Gotengco, de Jesus, and Garcia, jointly moved for its execution, which the RTC approved on March 30, 2001. Accordingly, Republic and Gotengco executed a Deed of Absolute Sale^[7] on one of the three lots of the latter's expropriated property, Lot A, covered by TCT No. T-334198, in the amount of P20,669,520.00. In three separate installments, Republic paid Gotengco the following amounts:

Table IV:

Date of Payment	Amount
July 2002	P4,068,111.40
October 4, 2004	P8,931,733.88
October 24, 2012	P7,669,520.00

Hence, as the total amount of just compensation was P26,245,860.00 and the amount paid was only P20,669,365.28,^[8] Republic had P5,576,494.72^[9] balance left to pay Gotengco.

Nine years after the promulgation of the Modified Partial Decision, Gotengco filed an Omnibus Motion^[10] dated May 19, 2010, pleading for the payment of accrued interest on the just compensation, computed from the date of finality of judgment until fully paid and to compel Carmela Alcaraz Nonato, the person in possession of the title covering Lot A, to surrender the same; otherwise, said title be declared null and void and a new title be issued in the name of Republic. Republic having filed no opposition thereto, the RTC, on July 20, 2010, granted the omnibus motion and ordered Republic to pay Gotengco the balance of the just compensation with interest at 6% per annum counted from July 15, 1977, the date of the actual taking, until fully paid, to which Republic also posed no motion for reconsideration.

Subsequently, Gotengco filed a Motion for Writ of Execution Re Payment of Interest^[11] to the RTC, which Republic opposed.^[12] It contended that Gotengco was already estopped by laches from claiming legal interest because he failed to raise such matter as early as when the Partial Decision was rendered and waited until it has lapsed into finality. In reply, Gotengco posited that it was Republic which was estopped from questioning his claim to legal interest^[13] because it previously agreed that he was entitled to payment of interest as shown in Republic's Comment dated October 14, 1999. Disputing that Gotengco had misconstrued its statement, Republic explained in its Rejoinder, quoting its Comment dated February 16, 1999, that while it mentioned that the value of the just compensation was reasonable and acceptable, it clarified that interest should no longer be awarded.^[14]

On May 6, 2013, the RTC granted the motion and amended the Modified Partial Decision.^[15] The RTC determined the interest rate was inadvertently excluded and

the Modified Partial Decision had to be amended and modified in the interest of justice. Notwithstanding the granting of the motion, RTC took note of Gotengco's lapse that even in his omnibus motion, he did not pray for the award of legal interest as the "prayer was merely for the payment of interest at legal rate, computed from the date of finality of judgment until the entire amount of just compensation is paid in full."^[16] But the lapse Republic committed also did not escape the RTC. The RTC observed that besides Republic's failure to oppose the omnibus motion, it also failed to file any motion for reconsideration of the July 20, 2010 Order. The dispositive portion of the Order^[17] dated May 6, 2013 ordering Republic to pay interest at the legal rate of 6% per annum reads as:

WHEREFORE, the Order dated 20 July 2010 is amended and modified with respect to the order of plaintiff for the payment of interest and should now read, as prayed for by the movants in their Omnibus Motion, as follows:

'Plaintiff is ordered to pay interest at the legal rate of 6% per annum from the date of finality of judgment, until the entire amount of just compensation is paid in full.

Meanwhile, the resolution of the Motion for Execution re Payment of Interest filed by movant Heirs of Cirilo Gotengco is held in abeyance pending finality of this Order.

SO ORDERED.^[18]

Republic filed a motion for reconsideration, but it was denied. ^[19]

Aggrieved, Republic filed before the CA a petition for *certiorari* through Rule 65 of the Rules of Court, dated April 4, 2014, imputing grave abuse of discretion on the part of the trial court for modifying a judgment, which has become final and executory. It opined that the RTC exceeded its judicial authority and completely disregarded the well-settled principle of immutability of judgments in modifying the Modified Partial Decision, which had attained finality.

Meanwhile, Republic discovered that Gotengco sold Lots B and C to Mario V. Tiaoqui (Tiaoqui) during the pendency of the case.

The CA Ruling

On February 26, 2016, the CA denied the petition for *certiorari*. It resolved that payment of interest is a matter of law as provided in Section 10, Rule 67 of the Rules of Court^[20] and it is against public policy to not impose legal interest. The CA, citing *Apo Fruits Corporation and Hijo Plantation, Inc. v. Land Bank of the Philippines (Apo Fruits)*,^[21] concluded that while the judgment has become final and executory, the court may modify the judgment and impose legal interest. Directly quoting the pronouncement of the Court in the same case, the Court stated, "[w]ithout 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."^[22] The CA, citing *Apo Fruits* in reference to *Republic v. CA*,^[23] explained that for just compensation to be considered as "just", the payment must be prompt and there must be necessity of the payment of

interest to compensate for any delay in the payment of compensation for property already taken, thus:

xxx if property is taken for public use 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.^[24]

Since Gotengco was deprived of his property and of its income since its taking on March 30, 2001 (date of execution of judgment),^[25] the CA found that legal interest, therefore, should be imposed and, accordingly, adjudged the RTC not guilty of grave abuse of discretion in imposing the payment of 6% legal interest on the amount of just compensation for being in accordance with law and jurisprudence.

Hence, the present petition. Republic contends that the appellate court committed a reversible error in finding no grave abuse of discretion amounting to lack or excess in jurisdiction on the part of the trial court when it modified and altered a judgment that had already become final; therefore, violating the doctrine of immutability and finality of judgments. The arguments of Republic as raised in the instant petition are as follows:

THE COURT OF APPEALS COMMITTED A REVERSIBLE ERROR IN RENDERING THE ASSAILED DECISION DATED FEBRUARY 26, 2016 AND RESOLUTION DATED AUGUST 9, 2016, FINDING THAT THERE WAS NO GRAVE ABUSE OF DISCRETION ON THE PART OF THE TRIAL COURT IN ISSUING THE ORDERS DATED JULY 20, 2010, MAY 6, 2013, AND FEBRUARY 4, 2014, GRANTING LEGAL INTEREST IN FAVOR OF THE RESPONDENT.

I.

THE ORDERS DATED JULY 20, 2010, MAY 6, 2013 AND FEBRUARY 4, 2014 OF THE TRIAL COURT WERE ISSUED WITH GRAVE ABUSE OF DISCRETION, CONSIDERING THAT SUCH ORDERS RUN AFOUL WITH WELL-SETTLED PRINCIPLES AND JURISPRUDENCE REGARDING FINALITY AND IMMUTABILITY OF JUDGMENTS.

II.

THE ORDERS OF THE TRIAL COURT IMPOSING LEGAL INTEREST DUE TO THE ALLEGED DELAY ON THE PART OF THE PETITIONER IN THE PAYMENT OF JUST COMPENSATION, WHICH WERE EFFECTIVELY AFFIRMED BY THE COURT OF APPEALS, WERE ISSUED WITH GRAVE ABUSE OF DISCRETION AND WITHOUT BASIS, CONSIDERING THAT THERE WAS NO DELAY IN PAYMENT.^[26]

Meanwhile, pending resolution of the case, Gotengco submitted to the RTC for approval, the Compromise Agreement^[27] he entered into with Tiaoqui to equally share the remainder of the just compensation amounting to P5,576,340.00. On the other hand, Republic manifested its readiness to release the final payment. Finding