

SECOND DIVISION

[G.R. No. 215107, February 24, 2016]

**REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE TOLL
REGULATORY BOARD, PETITIONER, VS. C.C. UNSON COMPANY,
INC., RESPONDENT.**

D E C I S I O N

MENDOZA, J.:

This is a petition for review on *certiorari* seeking to reverse and set aside the March 21, 2014 Decision^[1] and the October 22, 2014 Resolution^[2] of the Court of Appeals (CA) in CA-G.R. CV No. 96407, which affirmed the December 23, 2009 Decision^[3] and the July 6, 2010 Order^[4] of the Regional Trial Court, Branch 35, Calamba City (RTC), in an expropriation case docketed as Civil Case No. 3818-05-C.

On August 3, 2005, a complaint for expropriation^[5] was filed by petitioner Republic of the Philippines (*petitioner*), through the Toll Regulatory Board (TRB). Under Section 3(c) of Presidential Decree No. 1112,^[6] the TRB was authorized to condemn private property for public use upon payment of just compensation.

Petitioner, through the TRB, sought to implement the South Luzon Tollway Extension Project (SLEP), particularly the Calamba City, Laguna -Sto. Tomas, Batangas Section, which aimed to extend the South Luzon Expressway for faster travel in the region.

Respondent C.C. Unson Company, Inc. (*Unson*) was the owner of the affected properties which were described as follows: (1) Lot No. 6-B (*Lot 6B*) under Transfer Certificate Title (TCT) No. T-57646,^[7] covering an area of 8,780 sq.m; and (2) Lot 4-C-2 (*Lot 4C2*) under TCT No. T-51596,^[8] covering an area of 16,947 sq.m. It sought to expropriate Lot 6B and Lot 4C2 in the amount of P2,250.00 per square meter (*sq.m.*)

On November 15, 2006, petitioner filed its Motion for Leave to File Amended Complaint and to Admit Attached Amended Complaint.^[9] In the Amended Complaint,^[10] petitioner indicated that Lot 4C2 should have a lower zonal value of P1,050.00 per sq.m instead of P2,250.00 per sq.m., pursuant to the certification^[11] and tax declaration^[12] issued by Revenue District Office No. 56 and the City Assessor's Office.

In its Answer,^[13] as well as in its Answer to Amended Complaint,^[14] Unson, by way of affirmative defense, alleged that both properties had been classified and assessed as residential. Thus, Lot 4C2 should have a higher value ranging from P5,000.00 to P10,000.00 per sq.m.

On December 4, 2006, Unson filed the Urgent Twin Motion: To Release Initial Deposit and to Order Plaintiff to make Additional Deposit (*twin motion*).^[15] It reiterated that Lot 4C2 should have a higher valuation because the affected areas were classified as residential with zonal value in the amount of P2,250.00 per sq.m. Accordingly, Unson sought the release of an additional amount of P20,336,400.00 to complete the total of P38,130,750.00 which was required for Lot 4C2. It also prayed that petitioner release the amount of P37,549,350.00 pending compliance with the additional deposit of P20,336,400.00.

On December 20, 2006, petitioner filed the Urgent Ex-Parte Motion for Issuance of Writ of Possession^[16] (*December 20, 2006 Motion*) alleging that it had already deposited P37,549,350.00 or 100% of the total zonal value for the said properties with the Development Bank of the Philippines (DBP). It prayed that a writ of possession be issued in its favor and that the RTC order the Register of Deeds of Calamba City to register the said writ and annotate the same in the subject TCTs.

On December 21, 2006, the RTC issued the Order^[17] granting the December 20, 2006 motion and the motion to release initial deposit. The RTC further directed the parties to submit their nominees to the commission who would determine just compensation.

On January 3, 2007, petitioner filed its Motion for Issuance of Order of Expropriation^[18] praying that an order for expropriation be issued in its favor.

In its Order,^[19] dated June 15, 2007, the RTC directed petitioner to pay the additional amount of P20,336,400.00. To quote the RTC:

To the mind of the Court, the affected portion of TCT No. T-51596, particularly lot 4-C-2, is classified as residential and the corresponding BIR zonal value of said affected portion should be computed at Php2,250.00 per square meter. Hence, plaintiff should make an additional deposit equivalent to Php20,336,400.00

xxx From all indications, the required portion of defendant's property falls within that portion of Lot 4 (TCT No. T-51596) classified as residential. Plaintiff cannot simply claim that defendant has failed to delineate which portion is residential or industrial for purposes of computing the appropriate zonal value of the subject property. It should have been the plaintiff itself who must have determined first hand what particular portion of defendant's property would be traversed by the expropriation proceedings so as to conform with the deposit requirement of R.A. 8974.

In sum, Unson received the total amount of P57,886,750.00 from petitioner.

Through a motion,^[20] dated August 14, 2007, Unson asked the trial court to include the remaining 750 sq.m. dangling lot in the expropriation proceedings. Although by no means a small area, the said 750 sq.m. lot had been rendered without value to Unson considering its resultant shape.

In the Order,^[21] dated July 17, 2009, the RTC instituted the Board of Commissioners (*Board*) and appointed the following: Atty. Allan Hilbero (*Chairman Hilbero*) as chairman with Antonio Amata (*Commissioner Amata*) and Engineer Salvador Oscianas, Jr. (*Commissioner Oseianas*) as members. An ocular inspection was conducted by the Board on August 17, 2009.^[22] As can be gleaned from the Commissioner's Report,^[23] dated November 25, 2009, the Board considered the following factors in the assessment of just compensation:

(1) Location Description- the parcels of land could be reached from the National Highway via concrete Barangay Road located across Yakult Philippines Compound. The property was beside Diver Sy Liver Corporation and more or less across Laguna Rubber. At the time of the inspection, the property was undergoing road construction.

(2) Highest and Most Profitable Use- an analysis of the prevailing land usage led the Board to hold that industrial development would represent the highest and best use of the property.

(3) Ocular Inspection- the Board, guided by the parcellary plan, was able to identify the properties which were directly affected by the expropriation proceedings as well as the portion which would not be affected by it.

(4) Valuation/Appraisal- the Board conducted hearings and held several interviews and deliberations on the fair market value. Chairman Hilbero directed the two other commissioners to make and prepare an appraisal report on the subject properties. In his report, Commissioner Oscianas manifested that he personally inspected the property and investigated the local market conditions. He also considered the extent, character and utility of the property, the highest and best use of the property; and the sales and holding prices of similar or comparable land as basis of appraisal using the Market Data Approach. Commissioner Amata, on the other hand, did not submit any appraisal report.

(5) BIR Certificate on Zonal Valuation- using Tax Declaration Nos. E-030-05276 and E-030-05242, the members of the Board were of the consensus that the subject properties were classified as industrial which had a zonal valuation of P2,250.00 per sq.m.

(5) Market Value- the Board considered the narrative report of Commissioner Oscianas to determine the market value of the subject properties.

On November 12, 2009, during the deliberation of the Board on the just compensation, Chairman Hilbero directed the two other commissioners to state their respective positions. Commissioner Oscianas recommended the amount of P4,400 per sq.m. after considering the following factors as stated in his narrative report:^[24]

- a. extent, character and utility of the property;
- b. highest and best use of the property; and
- c. sales and holding prices of similar or comparable lands as basis of appraisal using the Market Data Approach.
- d. that the property is easily accessible from the national highway;
- e. that the vicinity had several existing manufacturing plants/ factories and that there are also residential subdivisions in the area; and
- f. that the prices of the nearby parcels of land and similar in characteristics ranged from P3,000.00 per square meter at the lowest and P8,000.00 per square meter at the highest;
- g. that the subject property is adjacent to a concrete barangay road; and
- h. that it is one of the first, if not the first, parcels of land right after the existing South Luzon Expressway (SLEX).

[Underscoring Supplied]

In addition, Commissioner Oscianas opined that the consequential damages suffered by Unson should also be taken into consideration. The expropriation left two dangling lots which could no longer be utilized. It would be unfair for Unson to continue paying taxes on the lots as industrial when these could no longer be utilized for such purposes.

Commissioner Amata, on the other hand, posited that Unson was already fully compensated and that the amount of P2,250.00 per sq.m. for the two lots should be enough.

To break the stalemate, Chairman Hilbero suggested that they consider the amount of P3,000.00 as compromise amount.

The Ruling of the RTC

The RTC, after carefully considering the recommendation of the Board, fixed the amount at P3,500.00 per sq.m, as just compensation in its Decision, dated December 23, 2009.

In rendering judgment, the RTC emphasized that the Board did not only rely on the potential use of the properties as basis for just compensation, but also considered all the factors set forth in Section 5 of Republic Act (R.A.) No. 8974.^[25]

Relative to the consequential damages suffered by Unson, the RTC took cognizance of the expert opinion of Commissioner Oscianas, a highly qualified appraiser, that the remaining 750 sq.m. of the property which consisted of two irregularly shaped dangling lots could no longer be utilized by Unson because of the expropriation. The

dispositive portion of the RTC decision reads:

WHEREFORE, with the foregoing premises, this Court renders judgment fixing the amount of Three Thousand Five Hundred (P3,500.00) Pesos per square meter as the just compensation for the properties of defendant corporation herein. Accordingly, the Republic of the Philippines, represented by the Toll Regulatory Board is ordered to pay the defendant corporation the amount of P32,158,750.00 which represents the difference between the P57,885,750.00 received by the defendant as provisional payment for the 25,727 sq. meter lots owned by defendant corporation and the amount of P90,044,500.00 computed at the rate of P3,500.00 per square meter.

Further, the defendants are hereby ordered to pay Commissioner's fee of Ten Thousand Pesos (P100,000.00) each Commissioner.

SO ORDERED.^[26]

Petitioner then filed an appeal under Rule 41, Section 2(a) of the 1997 Rules of Civil Procedure before the CA.

The Ruling of the CA

The CA found no reversible error in the RTC's determination of just compensation and held that the conclusions and findings of fact of the trial court were entitled to great weight and should not be disturbed unless there appeared some fact or circumstance of weight which had been misinterpreted and that, if considered, would have affected the result of the case.

The CA concurred with the RTC that the highest and best use of the land would be where it was best suited in terms of profitability and utility.^[27] Contrary to petitioner's assertion, the highest and best use of the land did not equate to potential use. The RTC was able to take into account several other factors in determining just compensation. The CA further held that petitioner placed too much premium on the value of the lots adjacent and similar to the subject parcels of land but there was no evidence to show that such lots were similar to the property under expropriation.^[28]

Neither was there any reason for the appellate court to reverse or modify the ruling of the RTC having found that the Board substantially performed their assigned duties in accordance with law.

With respect to the 750 sq.m. dangling lot, the CA ruled that it was only just and proper that Unson be compensated as there was sufficient evidence to show that the expropriation of the subject property resulted in a complete alteration of the shape of the remaining lot.^[29] The decretal portion of the CA decision reads:

WHEREFORE, in the light of the foregoing, the decision dated December 23, 2009 and order dated July 6, 2010 of Branch 35, RTC of Calamba City