

## FIRST DIVISION

[ G.R. No. 168105, July 27, 2011 ]

**LAND BANK OF THE PHILIPPINES, PETITIONER, VS. SEVERINO LISTANA, RESPONDENT.**

### DECISION

**VILLARAMA, JR., J.:**

Before us is a petition for review on certiorari under Rule 45 which seeks to set aside the Decision<sup>[1]</sup> dated November 12, 2004 and Resolution<sup>[2]</sup> dated May 11, 2005 of the Court of Appeals (CA) in CA-G.R. CV No. 70979. The CA affirmed the Order<sup>[3]</sup> dated October 25, 2000 of the Regional Trial Court (RTC) of Sorsogon, Sorsogon, Branch 52, sitting as a Special Agrarian Court, in Civil Case No. 99-6639 dismissing the petition for determination of just compensation on the ground of late filing.

Respondent Severino Listana is the owner of a 246.0561-hectare land located at Inlagadian, Casiguran, Sorsogon and covered by Transfer Certificate of Title (TCT) No. T-20193. The land was voluntarily offered for sale to the government under the Comprehensive Agrarian Reform Program (CARP) pursuant to Republic Act (R.A.) No. 6657.

Petitioner Land Bank of the Philippines (LBP) valued the 240.9066 hectares for acquisition at P5,871,689.03. Since the respondent rejected the said amount, a summary proceeding for determination of just compensation was conducted by the Department of Agrarian Reform (DAR). On May 2, 1996, respondent wrote LBP Department Manager III, Engr. Alex A. Lorayes, requesting the release of payment of the cash portion of the "accepted x x x 151.1419 has. with an equivalent valuation of P5,607,874.69." Consequently, on May 7, 1996, a Deed of Transfer was executed by respondent over the said portion of his landholding in consideration of payment received from the transferee Republic of the Philippines consisting of cash (P1,078,877.54) and LBP bonds (P2,747,858.60).<sup>[4]</sup>

On October 14, 1998, DAR Provincial Adjudicator Manuel M. Capellan rendered a decision<sup>[5]</sup> fixing the amount of just compensation at P10,956,963.25 for the entire acquired area of 240.9066 hectares. Copy of the said decision was received by petitioner on October 27, 1998.

Almost a year later, or on September 6, 1999, petitioner filed before the RTC of Sorsogon, Sorsogon, Branch 52, a petition<sup>[6]</sup> for judicial determination of just compensation (Civil Case No. 99-6639). Petitioner argued that the PARAD's valuation is unacceptable and that the initial valuation of P5,871,689.03 for the 240.9066 hectares is in accordance with Section 17 of R.A. No. 6657 and DAR Administrative Order No. 11, series of 1994, as amended by DAR AO No. 5, series of

1998.

Respondent filed a motion to dismiss<sup>[7]</sup> contending that the landowner's acceptance of the DAR's valuation resulted in a binding contract and therefore constitutes *res judicata* as it is in the nature of a compromise agreement that has attained finality. Respondent also cited the contempt proceedings against the LBP for its refusal to comply with the writ of execution issued by the Provincial Agrarian Reform Adjudicator's (PARAD's) Office on June 18, 1999.

The matter of contempt proceedings was the subject of G.R. No. 152611 (*Land Bank of the Philippines v. Listana, Sr.*). The PARAD had issued on August 20, 2000 an order granting respondent's motion for contempt and LBP Manager Alex A. Lorayes was cited for indirect contempt and ordered to be imprisoned until he complied with the PARAD's October 14, 1998 decision. After its motion for reconsideration was denied, petitioner filed a Notice of Appeal which was likewise denied due course by PARAD Capellan who also ordered the issuance of an alias Writ of Execution for the payment of the adjudged amount of just compensation and subsequently directed the issuance of an arrest order against Lorayes. Petitioner then filed with the RTC a petition for injunction with application for the issuance of a writ of preliminary injunction to restrain PARAD Capellan from issuing the order of arrest. A writ of preliminary injunction was eventually issued by the trial court and LBP posted a P5,644,773.02 cash bond. Respondent went to the CA and challenged said writ *via* a special civil action for certiorari (CA-G.R. SP No. 65276). On December 11, 2001, the CA rendered its decision nullifying the trial court's orders. In our Decision dated August 5, 2003, we granted the petition filed by LBP and reinstated the January 29, 2001 Order of the RTC of Sorsogon, Sorsogon, Branch 51 which enjoined the PARAD from enforcing its order of arrest against Lorayes pending the final termination of Civil Case No. 99-6639 of RTC Branch 52.<sup>[8]</sup>

Petitioner filed its opposition to the motion to dismiss,<sup>[9]</sup> arguing that the filing of petition with SAC is not an appeal from the decision of the PARAD which is deemed vacated upon filing of the case before the SAC; hence *res judicata* cannot be applied. It stressed that the determination of just compensation is inherently judicial in nature. There being no speedy and adequate remedy in the ordinary course of law, petitioner averred that unless it is authorized to file this case it cannot protect the interest of the government who is the owner of the Agrarian Reform Fund.

In an Amended Petition,<sup>[10]</sup> petitioner additionally alleged the fact that respondent had already accepted the valuation of the *cocoland* portion (151.1419 hectares) in the amount of P5,312,190.23; that payment therefor had been received by respondent; and that a Deed of Transfer of the said portion had been executed in favor of the government which was notarized on May 7, 1996 and registered with the Registry of Deeds. Petitioner thus asserted that the valuation and compensation process insofar as the 151.1419-hectare portion, should now be considered terminated. Respondent, on his part, contended that by bringing the question of valuation before the court, petitioner is estopped from asserting that such issue had already been laid to rest with the alleged acceptance by respondent of the prior valuation.<sup>[11]</sup>

On April 28, 2000, the trial court denied the motion to dismiss.

In his Answer,<sup>[12]</sup> the respondent asserted that petitioner, being part of the administrative machinery charged under the law to determine the government land valuation/compensation offer is bound by the compensation fixed by the DARAB. Hence, respondent's acceptance of such offered compensation resulted in a binding contract, especially under the Voluntary Offer to Sell (VOS) scheme. The PARAD's decision therefore constitutes *res judicata* as it is, in effect, a judgment upon a compromise. Respondent also filed a motion for reconsideration of the order denying his motion to dismiss.

On October 25, 2000, the trial court issued the order<sup>[13]</sup> granting respondent's motion for reconsideration and dismissing the petition for having been filed almost one year from receipt of the copy of the PARAD's decision.

Petitioner filed a motion for reconsideration<sup>[14]</sup> alleging that it had filed a motion for reconsideration from the PARAD's decision dated October 14, 1998 but the order denying said motion was received only on May 12, 1999. It further averred that the cause of delay was not solely attributable to it but also to the respondent through his counsel "because there was a manifestation on their part to settle this case amicably." Petitioner stressed that while there was really a late filing, it was done in good faith and without any intent to prejudice any person. Invoking a liberal construction of procedural rules, petitioner argued that it is without any speedy and adequate remedy in this case, which is necessary for the protection of the government's interest.

In its Order dated March 27, 2001, the trial court denied petitioner's motion for reconsideration. Copy of the said order was received by petitioner on April 6, 2001 and on the same date it filed a notice of appeal.<sup>[15]</sup>

In its memorandum, petitioner argued that on the matter of its late filing of the petition for judicial determination of just compensation, the trial court should have given primacy to the very clear demands of substantial justice over the rigid application of technicalities. It cited Section 57 of R.A. No. 6657 allowing a party to bring the issue of valuation of lands acquired by virtue of CARP to the Special Agrarian Courts, which should be liberally construed to afford LBP the amplest opportunity to prove that its valuation pertaining to the remaining portion of 89.1419 hectares of the subject landholding is in accordance with the legally prescribed formula spelled out in DAR AO No. 5, series of 1998. Moreover, the government has not acceded to the alteration of the valuation pertaining to the 151.1419 hectares, to which both the landowner and government gave their consent, which had become a perfected contract having the force of law between the parties.<sup>[16]</sup>

In the meantime, following this Court's ruling in *Land Bank of the Philippines v. Listana, Sr. (supra)* which voided all contempt proceedings against LBP Manager Lorayes, petitioner filed with the RTC a motion to withdraw the P5,644,773.02 cash bond. The RTC denied the motion and petitioner's motion for reconsideration was likewise denied. Petitioner challenged the trial court's order before the CA which eventually dismissed the petition. When the case was elevated to this Court, we affirmed the CA and sustained the RTC's orders denying LBP's motion to withdraw the cash bond. By Decision dated May 30, 2011, we ruled that LBP cannot withdraw the P5,644,773.02 cash bond which is a condition for the issuance of the writ of

preliminary injunction issued by the RTC enjoining the PARAD from implementing the warrant of arrest against Manager Lorayes pending final determination of the amount of just compensation for the property.<sup>[17]</sup>

By Decision dated November 12, 2004, the CA dismissed petitioner's appeal from the SAC's dismissal of its petition for judicial determination of just compensation. The CA said that petitioner failed to adequately explain its failure to abide by the rules and "its loss of appellate recourse cannot be revived by invoking the mantra of liberality." We quote the pertinent portion of the appellate court's ruling:

The argument of Listana that he rejected the pricing for the entire area and that the Request to Open a Trust Fund x x x is proof of his refusal, is unmeritorious. If indeed Listana rejected the entire valuation then he would not have executed a Deed of Transfer of Unsegregated Portion of a Parcel of Land x x x covering the 51.1419 *[sic]* hectares. Said document is not only valid and binding but also reflects the true intention of the parties and is athwart the claim of Listana that he rejected the valuation of this portion of the property.

The PARAB in the summary proceeding it conducted to determine the land valuation, should not have included in its determination of just compensation the accepted portion but should have limited the scope to only the rejected portion of 89.7647 hectares.

**While there is thus good cause to seek recourse against the PARAB ruling, Land Bank took this appeal 117 days later and thus beyond the fifteen (15) day period provided by Rule XIII Sec. 11 of the DARAB Rules of Procedure.** Land Bank claims the court *a quo* was wrong in saying that it was late *for less than one year* for it was tardy only for 120 days by its reckoning. But whether it is one or the other, the fact is it was late for a considerable time and cannot be absolved by the poor excuse that there was a prospect for an amicable settlement. Rudimentary prudence dictated that appellate recourse should have been timely taken instead of just relying with crossed fingers that settlement would come about.<sup>[18]</sup> (Emphasis supplied.)

Petitioner's motion for reconsideration was likewise denied by the CA.

Hence, this petition alleging that the CA committed serious errors of law, as follows:

- A. THE DARAB ORDER DATED 14 OCTOBER 1998 WHICH ALLEGEDLY BECAME FINAL AND EXECUTORY CANNOT ABROGATE OR RENDER WITHOUT EFFECT A CONSUMMATED CONTRACT INVOLVING THE GOVERNMENT AND RESPONDENT LISTANA RELATIVE TO 151.1419 HECTARES OF SUBJECT PROPERTY. BEING IMMUTABLE, THE CONSUMMATED CONTRACT CAN NO LONGER BE DISTURBED OR ABROGATED BY THE DARAB ORDER DATED 14 OCTOBER 1998, WHICH THE COURT A *QUO* AND THE COURT OF APPEALS ERRONEOUSLY AFFIRMED.

B. THE CHALLENGED DECISION AND THE QUESTIONED RESOLUTION PLACE SO MUCH PREMIUM ON A PROCEDURAL RULE AT THE EXPENSE OF SUBSTANTIAL JUSTICE, A CIRCUMSTANCE THAT HAS UNNECESSARILY PUT A COLOR OF VALIDITY TO THE DARAB ORDER WHICH IS VOID *AB INITIO* AS IT UTTERLY DISREGARDED SECTION 17 OF R.A. NO. 6657 AND THE SUPREME COURT RULING IN "LBP vs. SPOUSES BANAL," (G.R. NO. 143276, 20 JULY 2004).<sup>[19]</sup>

The sole issue to be resolved is whether the SAC may take cognizance of the petition for determination of just compensation which is filed beyond the prescribed 15-day period or more than 100 days after the PARAD rendered its valuation in a summary administrative proceeding.

The valuation of property in expropriation cases pursuant to R.A. No. 6657 or the Comprehensive Agrarian Reform Law, is essentially a judicial function which is vested in the RTC acting as Special Agrarian Court and cannot be lodged with administrative agencies such as the DAR.<sup>[20]</sup> Section 57 of said law explicitly states that:

SEC. 57. *Special Jurisdiction.* - The Special Agrarian Courts shall have original and exclusive jurisdiction over all petitions for the determination of just compensation to landowners, and the prosecution of all criminal offenses under this Act. The Rules of Court shall apply to all proceedings before the Special Agrarian Courts, unless modified by this Act.

The Special Agrarian Court shall decide all appropriate cases under their special jurisdiction within thirty (30) days from submission of the case for decision.

The CA affirmed the SAC's order of dismissal applying Section 11, Rule XIII of the 1994 DARAB Rules of Procedure which provides that:

Section 11. *Land Valuation and Preliminary Determination and Payment of Just Compensation.* -- The decision of the Adjudicator on land valuation and preliminary determination and payment of just compensation shall not be appealable to the Board but shall be brought directly to the Regional Trial Courts designated as Special Agrarian Courts within **fifteen (15) days from notice thereof**. Any party shall be entitled to only one motion for reconsideration. (Emphasis supplied.)

Petitioner admits the late filing of an action with the SAC but nonetheless argue that the serious errors committed by the PARAD when it included the 151.1419 hectares -- despite the initial valuation offered by LBP having been already accepted by respondent who already conveyed said portion to the government -- in its decision fixing just compensation, and non-application of the formula provided in Section 17 of R.A. No. 6657 and DAR AO No. 11, series of 1994, as amended by DAR AO No. 5, series of 1998 *on the remaining 89.1419 hectares*, warrants a review by this Court. It contends that this case deserves a relaxation of the procedural rule governing