

SECOND DIVISION

[G.R. No. 166461, April 30, 2010]

**HEIRS OF LORENZO AND CARMEN VIDAD AND AGVID
CONSTRUCTION CO., INC., PETITIONERS, VS. LAND BANK OF
THE PHILIPPINES, RESPONDENT.**

D E C I S I O N

CARPIO, J.:

The Case

The heirs of Lorenzo and Carmen Vidad and Agvid Construction Co., Inc. (petitioners) filed this Petition for Review^[1] assailing the Court of Appeals' (CA) Decision^[2] dated 28 November 2003 in CA-G.R. SP No. 68157 as well as the Resolution^[3] dated 20 December 2004 denying the Motion for Reconsideration. In the assailed decision, the CA affirmed the 15 August 2001 Decision^[4] of the Regional Trial Court of Santiago City, Branch 21 (RTC), sitting as a Special Agrarian Court (SAC). The SAC fixed the valuation for purposes of just compensation of petitioners' land (land) at P5,626,724.47.

The Facts

Petitioners are the owners of a land located in Barangay Masipi East, Cabagan, Isabela, with an area of 589.8661 hectares and covered by Original Certificate of Title No. (OCT) 0-458. On 26 September 1989, the land was voluntarily offered for sale to the government under Republic Act No. (RA) 6657 or the Comprehensive Agrarian Reform Law of 1988.^[5] Of the entire area, the government only acquired 490.3436 hectares.^[6]

Respondent Land Bank of the Philippines (LBP) is a government banking institution designated under Section 64 of RA 6657 as the financial intermediary of the agrarian reform program of the government.^[7]

By virtue of Executive Order No. (EO) 405 vesting LBP with primary responsibility to determine the valuation and compensation for all lands covered by RA 6657, LBP computed the initial value of the land at P2,961,333.03 for 490.3436 hectares, taking into consideration the factors under Department of Agrarian Reform (DAR) Administrative Order (AO) No. 06, series of 1992, and the applicable provisions of RA 6657.^[8] Petitioners rejected the valuation.^[9]

On 17 January 1994, petitioners filed a Petition for Review with the Department of Agrarian Reform Adjudication Board (DARAB). The DARAB dismissed the petition in an Order dated 9 December 1994.^[10]

Undaunted, petitioners filed a second petition for review asking for a re-evaluation of the land on 17 December 1998.^[11] Acting on the petition, the Provincial Agrarian Reform Adjudicator (PARAD) issued an Order dated 26 January 1999 directing LBP to re-compute the value of the land.^[12] In compliance with the PARAD's Order, LBP revalued the land at P4,158,947.13 for 402.3835 hectares and P1,467,776.34 for 43.8540 hectares.^[13] LBP used the guidelines in DAR AO No. 5, series of 1998 for the revaluation.^[14] Petitioners similarly rejected this offer.

Still unable to agree on the revalued proposal, petitioners instituted JC RARAD Case No. II-001-ISA-99 before the Regional Agrarian Reform Adjudicator of Tuguegarao (RARAD) for the purpose of determining the just compensation for their land. In a decision dated 29 March 2000, the RARAD fixed the just compensation for the land at P32,965,408.46.^[15] On 28 April 2000, petitioners manifested their acceptance thereof.^[16]

On the other hand, LBP moved for reconsideration. In an Order dated 2 May 2000, the RARAD denied the motion for lack of merit.^[17]

On 12 May 2000, pursuant to Section 57^[18] of RA 6657, LBP filed a petition for determination of just compensation with the RTC, sitting as a SAC.^[19] The case was docketed as CAR Case No. 21-0632.

Petitioners moved to dismiss LBP's petition on the ground that they already accepted the RARAD's decision, which, perforce rendered it final and executory. They alleged that LBP's petition must be considered barred by the RARAD's decision on the ground of *res judicata*. Petitioners secured a certificate of finality of the RARAD's decision and subsequently moved for the execution thereof, over LBP's objection. Petitioners also questioned LBP's legal personality to institute the action.^[20]

On 28 August 2000, the SAC issued an Order denying petitioners' motion to dismiss.^[21] Petitioners moved to reconsider this Order, which was denied in the Order dated 17 October 2000.^[22]

During the pendency of CAR Case No. 21-0632, petitioners would time and again, attempt to execute the RARAD's decision until they were temporarily restrained by the SAC in an Order dated 31 January 2001.^[23] However, upon hearing the parties regarding the propriety of issuing the injunctive writ against the execution of the RARAD's decision, the SAC found that it had no jurisdiction to resolve the matter.^[24] Forthwith, LBP referred the matter to the DARAB in a petition for certiorari docketed as DCSA No. 0213. The DARAB eventually issued a temporary restraining order and, later, a writ of preliminary injunction, directed against the implementation of the RARAD's decision. The propriety of executing the RARAD's decision pending the resolution of CAR Case No. 21-0632 is an issue that is yet to be resolved by the DARAB.^[25]

In CAR Case No. 21-0632, petitioners failed to file their answer and, on 30 January 2001, petitioners were held in default and the SAC heard LBP's evidence *ex-parte* on the merits of the case.^[26]

On 15 August 2001, the SAC rendered a decision, based on LBP's evidence alone, fixing the just compensation at P5,626,724.47 for the 446.2375 hectares of the land.^[27] The SAC, in an Order dated 22 November 2001, denied petitioners' motion for reconsideration of the decision.^[28]

Petitioners filed an appeal docketed as CA-G.R. SP No. 68157, questioning the authority of the SAC to give due course to the petition of LBP, claiming that the RARAD has concurrent jurisdiction with the SAC over just compensation cases involving lands covered by RA 6657. Furthermore, petitioners insisted that LBP has no legal personality to institute a case for determination of just compensation against landowners with the SAC.^[29]

On 28 November 2003, the CA rendered the assailed decision, dismissing the appeal for lack of merit, and affirming the valuation of the SAC in the amount of P5,626,724.47.^[30]

Petitioners filed a motion for reconsideration, which was denied in a Resolution dated 20 December 2004.^[31]

Aggrieved by the CA's Decision and Resolution, petitioner elevated the case before this Court.

Ruling of the RARAD of Tuguegarao City

The RARAD took note of the certifications presented as evidence that some 392.2946 hectares were listed as idle land when this portion was already cornland. The RARAD considered the certifications issued by LBP officials, Mr. Andres T. Barican, Jr., AA Specialist, Mr. Jose T. Gacutan, Property Appraiser, and MARO^[32] Francisco C. Verzola of Cabagan, Isabela.^[33]

The RARAD reclassified 392.2946 hectares from idle land to cornland. Then, the RARAD considered the submitted average valuation per hectare paid by LBP under similar situations for 1996, 1998 and 1999^[34] particularly on lands in Region 2:

Land Use	1996	1998	1999	Average
Cornland	100,140.70	62,695.23	60,371.31	74,402.41
Riceland Irrigated	137,197.67	49,373.99		93,285.83
Riceland Rainfed		34,511.66		34,511.66
Riceland Unirrigated	43,374.44	37,582.40		40,748.42
Rice Upland		20,271.41		20,271.41
Vegetables	20,379.20			20,379.20

Based on this table, the RARAD made the following computation:

Summary of Valuation of OCT No. 0-458

Land Use	Area in has.	Land Value Per Ha. (PhP)	Total Land Value PhP
This MOV			
Upland Rice land	1.2700	20,271.41	P 25,744.69
Cornland	8.5889	74,402.41	639,034.85
Vegetable land	0.2400	20,379.20	4,891.01
Cornland (not idle)	392.2846	74,402.41	29,186,919.00
Subtotal	402.3835		P 29,856,589.55
For subsequent MOV			
Riceland irrigated	3.7940	93,285.33	P 353,924.54
Riceland unirrigated	6.1289	37,582.40	230,338.77
Corn land	33.9311	74,402.41	2,524,555.60
Sub-total	43.8540		P 3,108,818.91
Total			P 32,965,408.46

The RARAD directed LBP to pay petitioners P32,965,408.46 as just compensation for 446.2375 hectares.

Ruling of the SAC

The SAC stated that petitioners were declared in default so LBP adduced its evidence *ex parte*. The SAC evaluated the pieces of evidence submitted by LBP and computed the just compensation for petitioners' land, thus:

Land Use	Area Acq'd (Ha.)	Average LV/Ha.	Total Land Value
Irrig. Riceland	3.7940	50, 354.07	P 191,043.34
Unirrig. Riceland	6.1289	20,158.64	123,550.29
Upland Riceland	1.2700	14,401.00	18,289.27
Cornland	42.5200	33,986.01	1,445,085.15
Vegetable land	0.2400	14,401.00	3,456.24
Idleland (below 18% slope)	392.2846	9,802.32	3,845,299.18
	446.2375		P 5,626,723.47

Ruling of the Court of Appeals

The CA stated that RA 6657 mandates that in determining just compensation, there must be a consensus among the landowner, DAR and LBP. [35] The CA explained,

thus:

In the case at bench, petitioners have availed of the summary administrative proceedings in determining the just compensation due for their property under docket of JC RARAD Case No. 11-001-ISA-99. But just because they have agreed to the amount thereof fixed by the RARAD does not, however, mean that his decision has become final and executory. It must be remembered that the law requires the consensus of three (3) parties in the determination of just compensation: the landowner's, the DAR's and the LBP's. Since the LBP did not agree with the DAR's decision, then it had a right to invoke the court a quo's jurisdiction. The RARAD's decision will not serve to bar this subsequent suit for the simple reason that said decision has not attained finality as not all the parties concerned agreed to the amount of just compensation he had fixed.^[36]

The Issues

Petitioners raise the following arguments:

1. WHETHER THE SUMMARY ADMINISTRATIVE PROCEEDING BEING CONDUCTED BY THE DARAB FOR THE DETERMINATION FOR JUST COMPENSATION OF LANDS PLACED UNDER THE COVERAGE OF CARP IS IN ACTUALITY A SALE TRANSACTION BETWEEN THE LANDOWNERS AND DAR WHICH CAN BE CONCLUDED AND CONSUMMATED BY THE AGREEMENT OF THE PARTIES;
2. WHETHER THE DECISION OF THE RARAD DATED 29 MARCH 2000 FIXING THE JUST COMPENSATION FOR PETITIONER'S PROPERTY AT P32,965,408.46 HAD BECOME FINAL AND EXECUTORY UPON FAILURE OF RESPONDENT LAND BANK TO INTERPOSE AN APPEAL WITH THE SUPREME COURT AS MANDATED BY SECTION 60 OF R.A. NO. 6657;
3. WHETHER RESPONDENT HAS THE PERSONALITY OR CAUSE OF ACTION TO INSTITUTE A CASE AGAINST LANDOWNERS AT THE SAC;
4. WHETHER THE DARAB EXERCISING QUASI-JUDICIAL POWERS HAS CONCURRENT JURISDICTION WITH THE SAC IN THE DETERMINATION OF JUST COMPENSATION CASES INVOLVING LANDS PLACED BY DAR UNDER CARP COVERAGE;
5. WHETHER THE SAC CAN ASSUME JURISDICTION OVER THE PETITION FOR DETERMINATION OF JUST COMPENSATION FILED BY RESPONDENT AFTER THE RARAD HAD RENDERED ITS DECISION OF 29 MARCH 2000 AND A WRIT OF EXECUTION IS ISSUED;