

Republic of the Philippines Supreme Court Manila

SECOND DIVISION

REPUBLIC OF THE PHILIPPINES, represented by the DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS (DPWH),

G.R. No. 203039

Present:

Petitioner.

-versus-

BANK OF THE PHILIPPINE ISLANDS (BPI),

Respondent.

CARPIO, J., Chairperson, BRION. DEL CASTILLO, PEREZ, and PERLAS-BERNABE, JJ.

Promulgated: SEP 1 1 2013

DECISION

CARPIO, *J*.:

The Case

Before the Court is a petition for review¹ assailing the Decision² dated 14 September 2011 and Resolution³ dated 06 August 2012 of the Court of Appeals in CA-G.R. CV No. 79843, affirming the Order⁴ dated 03 February 2003 of the Regional Trial Court of Las Piñas City in Civil Case No. LP 98-0031.

The Antecedent Facts

On 12 February 1998, the Department of Public Works and Highways (DPWII) filed with the Regional Trial Court, National Capital Region, Las

⁴ Under Rule 45 of the Revised Rules of Civil Procedure.

Rollo, pp. 41-52. Penned by Justice Edwin D. Sorongon with Justices Rosalinda Asuncion-Vicente and Jane Aurora C. Lantion.

Id. at 54-56.

Records, p. 324.

Piñas City, Branch 275 (trial court), a case for expropriation against portions of the properties of Bank of the Philippine Islands (BPI) and of Bayani Villanueva (Villanueva) situated in Pamplona, Las Piñas City. DPWH needed 281 square meters of BPI's lot covered by Transfer Certificate of Title (TCT) No. T-59156 and 177 square meters from Villanueva's lot covered by TCT No. T-64556 for the construction of the Zapote-Alabang Fly-Over.⁵

Neither BPI nor Villanueva objected to the propriety of the expropriation;⁶ hence, the trial court constituted a Board of Commissioners to determine the just compensation.⁷ In their Report dated 29 September 1998,⁸ the Board of Commissioners recommended the amount of P40,000.00 per square meter as the fair market value. On 25 November 1998, the trial court in its Decision set the fair market value at P40,000.00 per square meter:⁹

The property of BPI, which was affected, consists of 281 square meters and that of Defendant Villanueva consists of 177 square meters. Hence the amount to be awarded to the defendants shall be computed as follows:

BPI – 281 sq. meters x ₱40,000.00 = ₱11,240,000.00; and Villanueva – 177 sq. meters x ₱40,000.00 = ₱7,080,000.00

Considering that the plaintiff has deposited the amount of P632,250.00 with respect to the property of BPI, the latter should receive the amount of P10,607,750.00.

With respect to Defendant Villanueva, the plaintiff deposited the provisional amount of P2,655,000.00, hence, the remaining amount to be paid is P4,425,000.00.

WHEREFORE, in view of the foregoing, judgment is hereby rendered ordering the plaintiff Republic of the Philippines as represented by the Department of Public Works and Highways to pay defendant Bank of the Philippine Islands the amount of TEN MILLION SIX HUNDRED SEVEN THOUSAND AND SEVEN HUNDRED FIFTY PESOS (₱10,607,750.00) and Defendant Bayani Villanueva the amount of FOUR MILLION FOUR HUNDRED TWENTY FIVE THOUSAND (₱4,425,000.00), as just compensation for their properties which were expropriated.¹⁰

⁵ Id. at 2-4.

⁶ Id. at 24.

⁷ Id. at 50 and 62.

⁸ Id. at 98-102.

⁹ Id. at 115-121.

¹⁰ Id. at 120-121.

On 15 December 1998, the acting branch clerk of court issued a Certification¹¹ stating that:

x x x the Decision in this case dated November 25, 1998 has become FINAL, EXECUTORY and UNAPPEALABLE as of December 11, 1998 considering that the Office of the Solicitor General failed to file any Notice of Appeal or Motion for Reconsideration despite receipt of a copy thereof on November 26, 1998.

This certification is being issued upon the request of Atty. Jansen Rodriguez for whatever legal purpose it may serve.

Meanwhile, BPI filed on 16 December 1998 a Motion for Partial New Trial¹² to determine the just compensation of its building, which was not included in the Decision dated 25 November 1998 that fixed the just compensation for the parcels of land. In the motion, BPI claimed that its motion was timely filed since it received a copy of the Decision on 01 December 1998.¹³ The trial court granted partial new trial in an Order dated 06 January 1999.

Due to the failure of counsel for petitioner, despite notice, to appear during the scheduled hearing for the determination of the just compensation of the building, the trial court allowed BPI to present its evidence *ex-parte*.¹⁴ On 01 September 1999, the trial court admitted the exhibits presented by BPI.¹⁵ On the same day, the trial court also appointed as commissioner the Officer-In-Charge of the trial court, Leticia B. Agbayani (Agbayani), and ordered her to conduct an ocular inspection of the building.¹⁶ Agbayani reported the following findings:

- That the undersigned found out that a new building was constructed a) and a picture of said building is hereto attached and made as an integral part hereof as Annex "A" and;
- b) That the building was moved back when it was constructed to conform with the requirement of the Building Code; and
- c) Improvements were introduced around the building.¹⁷

In its Decision dated 10 September 1999,¹⁸ the trial court held that just compensation for the building was due and ordered petitioner to pay BPI the amount of ₱2,633,000.00. The dispositive portion of the Decision reads:

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¹¹ Id. at 122.

¹² Id. at 127-130.

¹³ Id. at 128.

¹⁴ Id. at 150.

¹⁵ Id. at 206. ¹⁶ Id. at 205.

¹⁷ Id. at 208. Manifestation dated 07 September 1999, submitted by Agbayani.

¹⁸ Id. at 210-212.

WHEREFORE, IN VIEW OF THE FOREGOING, judgment is hereby rendered ordering the plaintiff Republic of the Philippines represented by the Department of Public Works and Highways to pay defendant Bank of the Philippine Island (sic) the amount of TWO MILLION SIX HUNDRED THIRTY THREE [THOUSAND] PESOS (PHP2,633,000.00).¹⁹

Petitioner moved for the reconsideration²⁰ of the 10 September 1999 Decision on the ground that the proceeding fixing the just compensation of the building is null and void for not complying with the mandatory procedure set forth in Sections 5 to 8 of Rule 67 of the Rules of Court.²¹

After due hearing, the trial court granted on 14 February 2000 petitioner's motion for reconsideration and ordered that the Decision dated 10 September 1999 be set aside and vacated.²² From this order, BPI filed a motion for reconsideration,²³ on the ground that there was substantial compliance with the Rules. The trial court denied BPI's motion for reconsideration.²⁴

On 19 September 2000, the trial court appointed Atty. Edgar Allan C. Morante, the branch clerk of court, as the chairman of the Board of Commissioners, and gave petitioner and BPI ten days to submit their respective nominees and their oaths of office.²⁵ On 28 September 2000, BPI nominated Roland Savellano (Savellano), and submitted his oath of office.²⁶

Instead of submitting its nominee, petitioner filed on 13 October 2000 a Manifestation and Motion²⁷ objecting to the propriety of paying just compensation for BPI's building and praying that BPI's claim for additional just compensation be denied. Petitioner claimed that the building was never taken by the government.²⁸ In support, petitioner attached a letter dated 12 September 2000 from the DPWH, addressed to the Solicitor General. The letter states, in part:

x x x the original plan affecting the subject property was not implemented. The width of the sidewalk at the premises under consideration was actually reduced from 2.50 m to 2.35 m x x x to avoid the costly structure of that bank.²⁹

¹⁹ Id. at 212.

²⁰ Id. at 216-220.

 $^{^{21}}$ Id. at 218.

²² Id. at 226.

²³ Id. at 227-231.

²⁴ Id. at 236.

²⁵ Id. at 244.

²⁶ Id. at 245-246.

²⁷ Id. at 247-248.

²⁸ Id.

²⁹ Id. at 249.

In its opposition,³⁰ BPI claimed that it was not aware that the original plan was not implemented. It received no correspondence from the DPWH on the matter, except for the letter dated 12 August 1997 from DPWH addressed to BPI, stating in part that:

We regret to inform you that adjustment of the RROW limit of our project along this section is not possible as it will affect the effective width of the sidewalk designated at 2.50 m. wide.³¹ (Emphasis in the original)

BPI also argued that even "if a 3-meter setback is observed, only 75% of the old building could be utilized x x x [and] cutting the support system of the building x x would affect the building's structural integrity."³²

On 07 May 2001, the trial court denied³³ petitioner's motion dated 09 October 2000, and ruled that the demolition of the old building of BPI can be construed as a consequential damage suffered by BPI as a result of the expropriation. Petitioner was thus ordered to submit its nominee to the Board of Commissioners.

Petitioner nominated Romulo C. Gervacio (Gervacio), the Officer-In-Charge of the City Assessor's Office in Las Piñas City. The Board thus constituted, the trial court ordered the Commissioners to submit their recommendation.

Commissioner for BPI Savellano recommended the amount of $\mathbb{P}2,633,000.00$, which was based on the appraisal conducted by an independent professional business and property consultant.³⁴ On the other hand, Commissioner for petitioner Gervacio recommended the amount of $\mathbb{P}1,905,600.00$, which was the market value indicated on the tax declaration of said building. The Commissioner's Report³⁵ presented both the recommendations of Savellano and Gervacio for the trial court's consideration.

³⁰ Id. at 253-255.

³¹ Id. at 256.

³² Id. at 254.

³³ Id. at 263-264.

³⁴ Id. at 279.

³⁵ Id. at 322.

The Trial Court's Ruling

The trial court issued the Order³⁶ dated 03 February 2003, adopting the recommendation of Gervacio of ₱1,905,600.00, thus:

The Court approves the Recommendation dated October 22, 2001 of ONE MILLION NINE HUNDRED FIVE THOUSAND SIX HUNDRED PESOS (₱1,905,600.00) by Commissioner ROMULO C. GERVACIO as the just compensation of the building of the Bank of the Philippine Islands (BPI) Zapote affected by the construction of the Zapote-Alabang Fly-over, it appearing that such amount is the existing market value of the property pursuant to the Declaration by BPI as the market value of the building affected by the project as contained in Tax Declaration D-006-02044.

Let the same amount be paid by the Republic of the Philippines through the Department of Public Works and Highways as the just compensation for the property.³⁷

Petitioner filed an appeal with the Court of Appeals docketed as CA-G.R. CV No. 79843.³⁸

The Court of Appeals' Ruling

On 14 September 2011, the Court of Appeals dismissed the appeal and affirmed the order of the trial court. The relevant portions of the decision state:

We cannot sustain plaintiff-appellant's proposition that the decision dated November 25, 1998 has already attained finality there being no appeal filed within the reglementary period as provided in Secion 3, Rule 41 of the 1997 Rules of Civil Procedure.

Pursuant to Section 1, Rule 37 of the Rules of Civil Procedure, the period within which an aggrieved party may move the trial court to set aside the judgment or final order and file a motion for new trial is within the period to file an appeal, which is fifteen (15) days from receipt of the judgment or final order. It is explicit from the stated provision that the fifteen day period to file a motion for new trial will start to run from receipt of judgment or final order. A judgment, final order or resolution shall be served upon a party either personally or through registered mail. Moreover, Section 13 of Rule 13 of the Rules of Civil Procedure specifically provides for the proof of service of judgments, final orders or resolution x x x.

³⁶ Id. at 324.

³⁷ Id.

³⁸ CA *rollo*, pp. 40-50.

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Guided by the foregoing provisions of law, the crucial fact in which the finality of the decision dated November 25, 1998 with respect to defendant-appellee, depends in the determination of the date of its receipt of the copy of the said decision in order to ascertain whether its motion for partial new trial was filed within the 15-day period allowed by law.

In this case, records bear that a copy of the decision dated November 25, 1998, ordering the payment of just compensation for the expropriated land was received in behalf of defendant Bayani Villanueva on the same day of its promulgation. A copy of the said decision was also served upon plaintiff-appellant through the OSG on November 26, 1998. However, there is no showing, that defendant-appellee through its counsel received a copy of the trial court's decision on a definite date. No official return nor affidavit of the party serving the decision was attached to the records of the case. Neither was the presence of a registry receipt issued by the mailing office nor a registry return card containing the date of receipt of the decision be found among its records. Since there was no showing as to the exact date of receipt of defendant-appellee of the said decision, the running of the period of 15 days within which to file a motion for new trial did not begin to run. Therefore, the filing of defendant-appellee of a motion for partial new trial on December 16, 1998 was never delayed but timely filed thus preventing the decision dated November 25, 1998 from attaining finality as against them. Moreover, We find the admission of defendant-appellee in its brief filed on June 2, 2005, that it received a copy of the trial court's decision on December 1, 1998, sufficient to comply with the requirement of a written admission of a party served with a judgment as provided in Sec. 13 of Rule 13, of the Rules of Civil Procedure. It should also be noted that the certification issued by Edgar Allan C. Morante, the acting clerk of court, as to the finality of judgment as of December 11, 1998 will not stand against defendantappellee because the 15-day period to file an appeal will only start to commence upon the receipt of the decision which is on December 1, 1998. Counting the 15-day period from the first of December, the period within which to file an appeal will expire on December 16, 1998. Thus, the trial court did not err in granting the motion for partial new trial of the defendant-appellee as the same was amply filed with the reglementary period prescribed by law.

Having settled that the motion for partial new trial was timely filed, We now rule that the trial court did not lose its jurisdiction when it conducted subsequent proceedings determining just compensation and later on directed plaintiff-appellant to pay additional just compensation in the amount of P1,905,600.00 for the building of defendant-appellee.

Lastly, as to the argument of plaintiff-appellant that the award of additional just compensation for the building of defendant-appellee is erroneous and without legal basis because the building was never taken by the government in the expropriation proceeding conducted by the trial court nor was it affected by the construction of the Zapote-Alabang Flyover, We find the ruling of *Republic of the Philippines through the* DPWH vs. CA and Rosario R. Reyes appropriate to apply in this case, to wit:

Petitioner contends that no consequential damages may be awarded as the remaining lot was not "actually taken" by the DPWH, and to award consquential damages for the lot which was retained by the owner is tantamount to unjust enrichment on the part of the latter.

Petitioner's contention is unmeritorious.

No actual taking of the remaining portion of the real property is necessary to grant consequential damages. If as a result of the expropriation made by petitioner, the remaining lot (i.e., the 297-square meter lot) of private respondent suffers from an impairment or decrease in value, consequential damages may be awarded to private respondent.

WHEREFORE, in view of the foregoing considerations, the instant appeal is hereby **DISMISSED**. The assailed order of the Regional Trial Court of Las Piñas, Branch 275 dated February 3, 2003 is **AFFIRMED** *in toto*.³⁹ (Emphasis and underscoring supplied; italicization in the original.)

Petitioner filed a Motion for Reconsideration.⁴⁰ This was denied by the appellate court in a Resolution dated 06 August 2012.⁴¹

The Issues

The issues for our resolution are: (1) whether the trial court's Decision dated 25 November 1998 had become final and executory before BPI filed its motion for partial new trial; and (2) whether the award of additional just compensation for BPI's building in the amount fixed therefor is unfounded and without legal basis.

The Court's Ruling

We find the appeal unmeritorious.

On whether BPI's motion for partial new

³⁹ *Rollo*, pp. 48-51.

⁴⁰ Id. at 8-11.

⁴¹ Id. at 54-56.

trial was filed out of time

Petitioner contends that the trial court's Decision dated 25 November 1998 had already become final and executory as of 11 December 1998, as stated in the Certification⁴² issued by the acting branch clerk of court. On the other hand, BPI asserts that its motion for partial new trial filed on 16 December 1998 was timely filed because it received a copy of the Decision on 01 December 1998.

Petitioner argues that the Court of Appeals erred in holding that the 25 November 1998 Decision did not become final and executory for BPI on 11 December 1998. It argues that the appellate court erred in reckoning the 15day reglementary period from a mere admission of the date of receipt by BPI. Petitioner further argues that the Certification issued by the acting branch clerk of the trial court enjoys a presumption of regularity and that BPI had not been able to overcome the presumption. Both the trial and appellate courts found that BPI's motion for partial new trial was filed on time.

A perusal of the Certification reveals that it certifies that the 25 November 1998 Decision had already become final, executory and unappealable <u>as to petitioner</u>:

x x x the Decision in this case dated November 25, 1998 has become FINAL, EXECUTORY and UNAPPEALABLE as of December 11, 1998 considering that the Office of the Solicitor General failed to file any Notice of Appeal or Motion for Reconsideration despite receipt of a copy thereof on November 26, 1998.

This certification is being issued upon the request of Atty. Jansen Rodriguez for whatever legal purpose it may serve.⁴³ (Emphasis supplied)

There can be no other reading of this certificate that would be supported by the record.

Section 9 of Rule 13 of the Rules of Court states that judgments, final orders or resolutions shall be served either personally or by registered mail. Section 13 of the same Rule provides what consists proof of service:

Proof of personal service shall consist of a written admission of the party served, or the official return of the server, or the affidavit of the party serving, containing a full statement of the date, place and manner of service. $x \propto x$ If service is made by registered mail, proof shall be made by such affidavit and the registry receipt issued by the mailing office. The registry return card shall be filed immediately upon its receipt by the

⁴² Records, p. 122.

⁴³ Id.

sender x x x.

A careful review of the record shows the absence of any proof that the Decision of 25 November 1998 was served upon BPI. Hence, the Court of Appeals correctly held that absent any proof of service to BPI of the Decision, the period of 15 days within which to file its motion for partial new trial did not begin to run against BPI. However, BPI's admission that it received a copy of the Decision on 01 December 1998 is binding on it, and was correctly considered by the Court of Appeals as the reckoning date to count the 15-day period.

On whether the award of additional just compensation and the amount fixed therefor was unfounded and without legal basis

Eminent domain is the authority and right of the State, as sovereign, to take private property for public use upon observance of due process of law and payment of just compensation.⁴⁴ The State's power of eminent domain is limited by the constitutional mandate that private property shall not be taken for public use without just compensation.⁴⁵

Just compensation is the full and fair equivalent of the property sought to be expropriated.⁴⁶ The general rule is that the just compensation to which the owner of the condemned property is entitled to is the market value.⁴⁷ Market value is that sum of money which a person desirous but not compelled to buy, and an owner willing but not compelled to sell, would agree on as a price to be paid by the buyer and received by the seller. The general rule, however, is modified where only a part of a certain property is expropriated.⁴⁸ In such a case, the owner is not restricted to compensation for the portion actually taken, he is also entitled to recover the consequential damage, if any, to the remaining part of the property.⁴⁹

In this case, petitioner questions the appellate court's Decision affirming the trial court's Order of 03 February 2003 granting additional just compensation for consequential damages for BPI's building. Petitioner contends that BPI's building was "never taken" by petitioner, and that to award consequential damages for the building was unfounded and without

⁴⁴ National Power Corporation v. Court of Appeals, 479 Phil. 850, 860 (2004), citing Visayan Refining Co. v. Camus, 40 Phil. 550 (1919).

⁴⁵ Article III, Section 9 of the 1987 Philippine Constitution.

⁴⁶ B.H. Berkenkotter & Co. v. Court of Appeals, G.R. No. 89980, 14 December 1992, 216 SCRA 584, 586

⁴⁷ National Power Corporation v. Chiong, 452 Phil. 649, 663 (2003).

⁴⁸ National Power Corporation v. Purefoods Corporation, G.R. No. 160725, 12 September 2008, 565

SCRA 17, 33, citing National Power Corporation v. Chiong, 452 Phil. 649, 663-664 (2003). 49

Id

legal basis. In support of its contention, petitioner relies on the letter dated 12 September 2000 of the DPWH to the Office of the Solicitor General⁵⁰ stating that the proposed sidewalk of 2.50 meters was reduced to 2.35 meters, thus leaving BPI's building intact.

Petitioner's argument is untenable.

No actual taking of the building is necessary to grant consequential damages. Consequential damages are awarded if as a result of the expropriation, the remaining property of the owner suffers from an impairment or decrease in value.⁵¹ The rules on expropriation clearly provide a legal basis for the award of consequential damages. Section 6 of Rule 67 of the Rules of Court provides:

x x x The commissioners shall assess the consequential damages to the property not taken and deduct from such consequential damages the consequential benefits to be derived by the owner from the public use or public purpose of the property taken, the operation of its franchise by the corporation or the carrying on of the business of the corporation or person taking the property. But in no case shall the consequential benefits assessed exceed the consequential damages assessed, or the owner be deprived of the actual value of his property so taken.

In *B.H. Berkenkotter & Co. v. Court of Appeals*,⁵² we held that:

To determine just compensation, the trial court should first ascertain the market value of the property, to which should be added the consequential damages after deducting therefrom the consequential benefits which may arise from the expropriation. If the consequential benefits exceed the consequential damages, these items should be disregarded altogether as the basic value of the property should be paid in every case.

We quote with approval the ruling of the Court of Appeals:

Lastly, as to the argument of plaintiff-appellant that the award of additional just compensation for the building of defendant-appellee is erroneous and without legal basis because the building was never taken by the government in the expropriation proceeding conducted by the trial court nor was it affected by the construction of the Zapote-Alabang Flyover, We find the ruling of *Republic of the Philippines through the DPWH vs. CA and Rosario R. Reyes* appropriate to apply in this case, to wit:

⁵⁰ Records, p. 249.

⁵¹ Republic of the Philippines v. Court of Appeals, G.R. No. 160379, 14 August 2009, 596 SCRA 57, 75.

⁵² Supra note 46 at 586-587.

Petitioner contends that no consequential damages may be awarded as the remaining lot was not "actually taken" by the DPWH, and to award consquential damages for the lot which was retained by the owner is tantamount to unjust enrichment on the part of the latter.

Petitioner's contention is unmeritorious.

No actual taking of the remaining portion of the real property is necessary to grant consequential damages. If as a result of the expropriation made by petitioner, the remaining lot (i.e., the 297-square meter lot) of private respondent suffers from an impairment or decrease in value, consquential damages may be awarded to private respondent.⁵³ (Italicization in the original)

Petitioner would also have us review the bases of the courts below in awarding just compensation for the building for consequential damages. The uniform findings of the trial court and the appellate court are entitled to the greatest respect. They are binding on the Court in the absence of a strong showing by petitioner that the courts below erred in appreciating the established facts and in drawing inferences from such facts.⁵⁴ We find no cogent reason to deviate from this.

The Court would like to stress that there is a stark absence in the records of any proof that DPWH communicated its amended plan to BPI or to the trial court. On the other hand, the trial court found that BPI was not notified of the reduction and had relied only on the DPWH letter dated 12 August 1997 saying that it was not possible to reduce the width of the sidewalk. Petitioner had actively participated in the expropriation proceedings of the portion of BPI's lot according to the original plan, the decision for which was promulgated on 25 November 1998. The trial court had also ruled that additional just compensation for the building was in order in its Decision dated 10 September 1999, from which petitioner moved for reconsideration but only as to the procedure in the determination of the amount. Further, the records show that by 07 September 1999, when Officer-In-Charge Agbayani conducted an occular inspection, a new building had already been constructed replacing the old one; whereas the amended plan was communicated by DPWH to the OSG only in September 2000, when the trial court was constituting anew the Board of Commissioners to determine the amount of just compensation for the building. The findings of the lower courts are borne by the records. Hence, there was proper basis for the determination of just compensation for the

⁵³ *Rollo*, p. 50.

 ⁵⁴ Republic of the Philippines v. Tan Song Bok, G.R. No. 191448, 16 November 2011, 660 SCRA 330, 347, citing Export Processing Zone Authority v. Pulido, G.R. No. 188995, 24 August 2011, 656 SCRA 315.

building for consequential damages.

WHEREFORE, we DENY the petition. We AFFIRM the Court of Appeals' Decision dated 14 September 2011 and Resolution dated 06 August 2012 in CA-G.R. CV No. 79843.

SO ORDERED.

ANTONIO T. CARP1O Associate Justice

WE CONCUR:

URO D. BRÍON

Associate Justice

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MARIANO C. DEL CASTILLO Associate Justice

BEREZ JOSE B Associate Justice

ESTELA M. PERLAS-BERNABE Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ANTONIO T. CAŘPIO Associate Justice Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

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MARIA LOURDES P. A. SERENO Chief Justice