



Republic of the Philippines  
Supreme Court  
Manila

THIRD DIVISION

LAND BANK OF THE  
PHILIPPINES,

Petitioner,

G.R. No. 206992

Present:

- versus -

VELASCO, JR., *J.*, Chairperson,  
BERSAMIN,  
LEONEN,  
MARTIRES, and  
GISMUNDO, *JJ.*

HEREDEROS DE CIRIACO  
CHUNACO DISTILERIA, INC.,  
Respondent.

Promulgated:

June 11, 2018

X ----- X

DECISION

**GISMUNDO, *J.*:**

This is an appeal by *certiorari* seeking to reverse and set aside the April 26, 2013 Decision<sup>1</sup> of the Court of Appeals (*CA*) in CA-G.R. SP No. 98113. The *CA* denied the petition for *certiorari* seeking to annul and set aside the Resolutions<sup>2</sup> dated July 7, 2005 and December 19, 2006, respectively, of the Department of Agrarian Reform Adjudication Board (*DARAB*) in DSCA No. 0383, a case for preliminary determination of just compensation.

Herederos De Ciriaco Chunaco Distileria, Inc. (*respondent*) was the owner of several parcels of land with an aggregate area of 22.587 hectares situated at Barangay Masarawag, Guinobatan, Albay. These lands are covered by twelve (12) Transfer Certificate of Title (*TCT*) Nos. T-63245, T-63227, T-

<sup>1</sup> *Rollo*, pp. 31-47; penned by Associate Justice Michael P. Elbinias with Associate Justices Isaias P. Dicdican and Nina G. Antonio-Valenzuela, concurring.

<sup>2</sup> *CA rollo*, pp. 97-103 and 118-119.

63230, T-63246, T-63231, T-63233, T-63226, T-63229, T-63572, T-63575, T-63573 and T-63232.

In November 2001, respondent voluntarily offered for sale the subject lots to the Republic of the Philippines (*Republic*) under the Comprehensive Agrarian Reform Program (*CARP*).<sup>3</sup> Land Bank of the Philippines (*petitioner*), by virtue of its mandate under Republic Act (*R.A.*) No. 6657, came up with the CARP compensation for the subject lands and offered the same to respondent in the amount of ₱957,991.30. Upon receipt of the valuation of the properties, respondent rejected the offered compensation.

Hence, twelve (12) cases for preliminary administrative determination of just compensation covering the said parcels of land were conducted by the Provincial Agrarian Reform Adjudicator of Albay, Branch 1 (*PARAD*).

During trial, petitioner insisted that the compensation of the subject lands should only be ₱957,991.30. On the other hand, respondent countered that the subject lands were worth ₱195,410.07 per hectare.

#### *The PARAD Ruling*

In its Decision<sup>4</sup> dated February 17, 2004, the PARAD ruled in favor of respondent and held that the just compensation for the subject lands should be ₱195,410.07 per hectare, or a total of ₱4,455,349.00. The decretal portion reads:

WHEREFORE, taking into account the evidences (sic) presented by the parties, the valuation pegged at ₱958,010.82 for the subject properties of landowner/protestant is hereby set aside and new one entered at ₱4,455,349.62 as the just and fair value thereof or the equivalent of ₱195,410.07 per hectare. The Land Bank of the Philippines Valuation Office, Legazpi City is hereby ordered to effect payment to herein landowners/protestants pursuant to pertinent guidelines.

SO ORDERED.<sup>5</sup>

The said decision was received by petitioner on February 24, 2004. After thirteen (13) days, or on March 9, 2004, petitioner filed a Motion for Reconsideration<sup>6</sup> before the PARAD.

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<sup>3</sup> Id. at 59.

<sup>4</sup> Id. at 31-45.

<sup>5</sup> *Rollo*, p. 34.

<sup>6</sup> *CA rollo*, p. 46.

In its Resolution<sup>7</sup> dated April 1, 2004, the PARAD denied petitioner's motion for reconsideration. The said resolution was received by petitioner on April 6, 2004.

On April 12, 2004, petitioner filed a Petition for Judicial Determination of Just Compensation<sup>8</sup> before the Regional Trial Court of Legaspi City, Branch 3 (*RTC*), acting as Special Agrarian Court (*SAC*), and docketed as Civil Case No. 04-04. It argued that the PARAD erroneously arrived at the amount for the just compensation without considering the formula set forth by the Department of Agrarian Reform (*DAR*).

On July 27, 2004, the PARAD issued an Order<sup>9</sup> declaring that the February 17, 2004 decision was final and executory. On September 10, 2004, a Writ of Execution<sup>10</sup> was issued by the PARAD.

On October 12, 2004, petitioner filed a petition for *certiorari* before the DARAB assailing the July 27, 2004 order and September 10, 2004 writ of execution of the PARAD. Petitioner also argued that the petition for *certiorari* was the valid remedy before the DARAB as it was stated in its Rules of Procedure (*Rules*).

#### *The DARAB Ruling*

In its Resolution dated July 7, 2005, the DARAB denied the petition for lack of merit. It held that the petition for determination of just compensation in the RTC-SAC was filed beyond the fifteen (15)-day reglamentary period under Section 11, Rule XIII of the DARAB Rules. The DARAB opined that the said petition was filed out of time because a total of twenty-four (24) days had lapsed before it was filed, hence, the PARAD decision on the just compensation already became final and executory. The *fallo* of the decision states:

WHEREFORE, in the light of the foregoing considerations, the instant Petition is hereby DENIED for lack of merit.

SO ORDERED.<sup>11</sup>

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<sup>7</sup> Id. at 50-51.

<sup>8</sup> Id. at 58-62.

<sup>9</sup> Id. at 52-55.

<sup>10</sup> Id. at 56-57.

<sup>11</sup> Id. at 102.



Petitioner filed a Motion for Reconsideration<sup>12</sup> but it was denied by the DARAB in its resolution dated December 19, 2006.

Undaunted, petitioner filed a petition for *certiorari* before the CA.

### *The CA Ruling*

In its decision dated April 26, 2013, the CA denied the petition. It held that the February 17, 2004 decision of the PARAD already attained finality because the petition for judicial determination of just compensation was belatedly filed in the RTC-SAC, beyond the 15-day reglementary period. It added that the fresh fifteen (15)-day period under *Neypes v. Court of Appeals*<sup>13</sup> is not applicable in administrative proceedings. The CA also held that the determination of just compensation by the PARAD was proper because the latter's determination was not limited to the factors enumerated in DAR Administrative Order 05, series of 1998, and it could properly consider other factors.

Hence, this petition.

### ISSUE

**WHETHER OR NOT A FRESH FIFTEEN (15)-DAY PERIOD IS AVAILABLE TO COMMENCE AN ACTION IN THE SPECIAL AGRARIAN COURT (SAC), NOTWITHSTANDING ANY RULE TO THE CONTRARY, AFTER DENIAL OF A MOTION FOR RECONSIDERATION OF THE DECISION OF THE AGRARIAN REFORM ADJUDICATOR UNDER THE CARP LAW (R.A. 6657, AS AMENDED).<sup>14</sup>**

Petitioner argues that: when it received the February 17, 2004 PARAD decision on February 24, 2004, it timely filed a motion for reconsideration thereof, on March 9, 2004; when it received the April 1, 2004 resolution of the PARAD denying its motion for reconsideration on April 6, 2004, it had a fresh fifteen (15)-day period within which to file the petition for judicial determination of just compensation before the RTC-SAC; from the moment that the petition was filed in the RTC-SAC, the PARAD lost its jurisdiction over the determination of just compensation; and the PARAD cannot anymore enforce or execute its February 17, 2004 decision.

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<sup>12</sup> Id. at 104-115.

<sup>13</sup> 506 Phil. 613 (2005).

<sup>14</sup> *Rollo*, p. 19.

In its Comment,<sup>15</sup> respondent argues that: the February 17, 2004 decision of the PARAD had become final and executory because the petition for judicial determination of just compensation was belatedly filed in the RTC-SAC under Section 11 of the DARAB Rules; when petitioner received the said decision on February 24, 2004, it took petitioner thirteen (13) days, or on March 9, 2004, to file a motion for reconsideration; when the said motion was denied, petitioner only had two (2) days left to file the petition for judicial determination of just compensation but failed to do so; the fresh fifteen-day period does not apply in administrative proceedings as stated in *Pajolino v. Tajala*;<sup>16</sup> and petitioner is guilty of forum shopping for filing a petition for judicial determination of just compensation even though the PARAD decision was already final and executory.

In its Reply,<sup>17</sup> petitioner reiterated that: it had a fresh 15-day reglementary period after its motion for reconsideration was denied by the PARAD, hence, the petition for judicial determination of just compensation before the RTC-SAC was timely filed; the RTC-SAC's original and exclusive jurisdiction for determination of just compensation under R.A. No. 6657 must be acknowledged; and the February 17, 2004 decision of the PARAD cannot be executed.

### **The Court's Ruling**

The Court finds the petition meritorious.

*The petition for judicial  
determination of just  
compensation was timely filed*

The valuation of property in eminent domain is essentially a judicial function which cannot be vested in administrative agencies. The executive department or the legislature may make the initial determination, but when a party claims a violation of the guarantee in the Bill of Rights that private property may not be taken for public use without just compensation, no statute, decree, or executive order can mandate that its own determination shall prevail over the court's findings. Much less can the courts be precluded from looking into the "just-ness" of the decreed compensation.<sup>18</sup>

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<sup>15</sup> Id. at 85-97.

<sup>16</sup> 636 Phil. 313 (2010).

<sup>17</sup> *Rollo*, pp. 108-122.

<sup>18</sup> *Export Processing Zone Authority v. Judge Dulay*, 233 Phil. 313, 326 (1987).

Accordingly, R.A. No. 6657 vests Special Agrarian Courts original and exclusive jurisdiction in the determination of just compensation under the said law, to wit:

SECTION 56. Special Agrarian Court. — The Supreme Court shall designate at least one (1) branch of the Regional Trial Court (RTC) within each province to act as a Special Agrarian Court.

The Supreme Court may designate more branches to constitute such additional Special Agrarian Courts as may be necessary to cope with the number of agrarian cases in each province. In the designation, the Supreme Court shall give preference to the Regional Trial Courts which have been assigned to handle agrarian cases or whose presiding judges were former judges of the defunct Court of Agrarian Relations.

The Regional Trial Court (RTC) judges assigned to said courts shall exercise said special jurisdiction in addition to the regular jurisdiction of their respective courts.

The Special Agrarian Courts shall have the powers and prerogatives inherent in or belonging to the Regional Trial Courts.

SECTION 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. (emphasis supplied)

Fittingly, as the taking of property under R.A. No. 6657 is an exercise of the power of eminent domain by the State, the valuation of property or determination of just compensation in eminent domain proceedings is essentially a judicial function, which is vested with the courts and not with administrative agencies.<sup>19</sup> Consequently, the SAC can properly take cognizance of any petition for determination of just compensation.

Nevertheless, the DARAB Rules restrict the period wherein a party may avail of the judicial determination of just compensation before the RTC-SAC. Section 11 of the DARAB Rules states the remedy and the period to assail the preliminary determination of just compensation by PARAD, to wit:

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**

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<sup>19</sup> *Land Bank of the Philippines v. Dalauta*, G.R. No. 190004, August 8, 2017; citing *Land Bank v. Sps. Montalvan, et al.*, 689 Phil. 641 (2012).



**fifteen (15) days from receipt of the notice thereof.** Any party shall be entitled to only one motion for reconsideration. (emphasis supplied)

The conflict between R.A. No. 6657 and the DARAB Rules, however, is not of first impression.

In the recent case of *Land Bank of the Philippines v. Dalauta*<sup>20</sup> (*Dalauta*), the 15-day prescriptive period under Section 11 of the DARAB Rules was struck down because it undermined and unnecessarily impeded the original and exclusive jurisdiction of the RTC-SAC to determine just compensation under Section 57 of R.A. No. 6656. Further, it finally settled once and for all the period within which to file a petition for judicial determination of just compensation before the RTC-SAC.

In *Dalauta*, the preliminary determination of just compensation was referred to the PARAD. In its resolution dated December 4, 1995, the PARAD affirmed the valuation of the petitioner therein. On February 28, 2000, or four (4) years and three (3) months later, the respondent filed a petition for judicial determination of just compensation before the RTC-SAC. One of the issues that had to be resolved by the Court was whether a petition for judicial determination of just compensation in the RTC-SAC proscribes if not filed within the 15-day period under the DARAB Rules. The Court ruled:

Since the determination of just compensation is a judicial function, **the Court must abandon** its ruling in *Veterans Bank, Martinez and Soriano* that a petition for determination of just compensation before the SAC shall be proscribed and adjudged dismissible if not filed within the 15-day period prescribed under the DARAB Rules.

To maintain the rulings would be incompatible and inconsistent with the legislative intent to vest the original and exclusive jurisdiction in the determination of just compensation with the SAC. Indeed, such rulings judicially reduced the SAC to merely an appellate court to review the administrative decisions of the DAR. This was never the intention of the Congress.

As earlier cited, in Section 57 of R.A. No. 6657, **Congress expressly granted the RTC, acting as SAC, the original and exclusive jurisdiction over all petitions for the determination of just compensation to landowners. Only the legislature can recall that power. The DAR has no authority to qualify or undo that.** The Court's pronouncement in *Veterans Bank, Martinez, Soriano, and Limkaichong*, reconciling the power of the DAR and the SAC essentially barring any petition to the SAC for having been filed beyond the 15-day period provided in Section 11, Rule

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<sup>20</sup> Id.

XIII of the DARAB Rules of Procedure, cannot be sustained. The DAR regulation simply has no statutory basis.

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While R.A. No. 6657 itself does not provide for a period within which a landowner can file a petition for the determination of just compensation before the SAC, it cannot be imprescriptible because the parties cannot be placed in limbo indefinitely. The Civil Code settles such conundrum. **Considering that the payment of just compensation is an obligation created by law, it should only be ten (10) years from the time the landowner received the notice of coverage.** The Constitution itself provides for the payment of just compensation in eminent domain cases. Under Article 1144, such actions must be brought within ten (10) years from the time the right of action accrues. Article 1144 reads:

Art. 1144. The following actions must be brought within ten years from the time the right of action accrues:

- (1) Upon a written contract;
- (2) Upon an obligation created by law;
- (3) Upon a judgment.

Nevertheless, any interruption or delay caused by the government like proceedings in the DAR should toll the running of the prescriptive period. The statute of limitations has been devised to operate against those who slept on their rights, but not against those desirous to act but cannot do so for causes beyond their control.

In this case, Dalauta received the Notice of Coverage on February 7, 1994. He then filed a petition for determination of just compensation on February 28, 2000. Clearly, the filing date was well within the ten-year prescriptive period under Article 1141.<sup>21</sup> (emphases supplied)

Indeed, Section 57 of R.A. No. 6657 clearly vests on the RTC-SAC the original and exclusive jurisdiction over all petitions for the determination of just compensation to landowners. Any effort to transfer such jurisdiction to the adjudicators and to convert the original jurisdiction of the RTCs into appellate jurisdiction would be contrary to Section 57 and therefore would be void.<sup>22</sup> The DAR has no authority to qualify or undo the RTC-SAC's jurisdiction over the determination of just compensation under R.A. No. 6657. Thus, the 15-day reglementary period under Section 11, Rule XIII of the DARAB Rules cannot be sustained. The RTC-SAC cannot simply be reduced

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<sup>21</sup> Id.

<sup>22</sup> *Land Bank of the Philippines v. Sps. Montalvan, et al.*, supra note 19 at 652.



to an appellate court which reviews administrative decisions of the DAR within a short period to appeal.

It was also determined in *Dalauta* that the proper prescriptive period to file a petition for judicial determination of just compensation under R.A. No. 6657 is ten (10) years pursuant to Article 1144 (2) of the Civil Code. Considering that payment of just compensation is an obligation created by law, it is only proper that the ten (10)-year period start from the time the landowner receives the notice of coverage under the CARP. In addition, any interruption or delay caused by the government, like proceedings in the DAR, should toll the running of the prescriptive period. The statute of limitations has been devised to operate against those who slept on their rights, but not against those desirous to act but cannot do so for causes beyond their control.<sup>23</sup>

In this case, respondent voluntarily offered for sale its twelve (12) parcels of land in November 2001. Accordingly, the 10-year prescriptive period began at that moment because respondent knew that its lands would be covered by the CARP. Thus, the petition for judicial determination of just compensation filed on April 12, 2004 before the RTC-SAC, which was even tolled by the proceedings before the PARAD, was squarely and timely filed within the 10-year prescriptive period.

Consequently, as the fifteen (15)-day reglementary period under Section 11, Rule XIII of the DARAB Rules had been set aside, it is now immaterial to determine whether a fresh fifteen (15)-day period should be given to a party when the PARAD denies its motion for reconsideration to file a petition for judicial determination of just compensation. To recapitulate, the correct period to file a petition for judicial determination of just compensation under R.A. No. 6657 before the RTC-SAC is ten (10) years pursuant to Article 1144 (2) of the Civil Code.

*When the petition was filed  
before the RTC-SAC, the  
proceedings before the  
PARAD had been completed*

It was also stated in *Dalauta* that a landowner should withdraw his case with the DAR before filing his petition before the RTC-SAC and manifest the fact of withdrawal by alleging it in the petition itself. Failure to do so would be a ground for a motion to suspend judicial proceedings until the administrative proceedings are terminated.

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<sup>23</sup> *Coderias v. Estate of Juan Chioco*, 712 Phil. 354, 370 (2013).



Here, when the PARAD denied its motion for reconsideration on the preliminary determination of just compensation, petitioner did not anymore appeal before the DARAB. Instead, it timely filed a petition for judicial determination of just compensation before the RTC-SAC. Thus, the administrative proceedings on the determination of just compensation were terminated.

It was only when the PARAD ordered the execution of its decision and issued the writ of execution, even though there was a timely petition for judicial determination of just compensation before the RTC-SAC, that petitioner sought refuge from the DARAB. Evidently, petitioner's cause of action is essentially to stop the enforcement of the decision of the PARAD because of a pending petition before the RTC-SAC.

In fine, the PARAD cannot enforce its February 17, 2004 decision because there is still a pending judicial determination of just compensation before the courts. It is only when the said judicial determination attains finality that the award of just compensation may be executed.

**WHEREFORE**, the petition is **GRANTED**. The April 26, 2013 Decision of the Court of Appeals in CA-G.R. SP No. 98113 is hereby **REVERSED** and **SET ASIDE**. The Provincial Agrarian Reform Adjudicator of Albay, Branch 1 shall not enforce its February 17, 2004 Decision until after the finality of the judicial determination of just compensation.

**SO ORDERED.**


  
ALEXANDER G. GESMUNDO  
Associate Justice

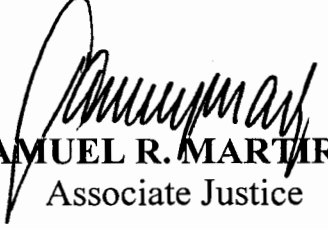
**WE CONCUR:**

**PRESBITERO J. VELASCO, JR.**

Associate Justice  
Chairperson

  
**LUCAS P. BERSAMIN**  
Associate Justice

  
**MARVIC M.V.F. LEONEN**  
Associate Justice

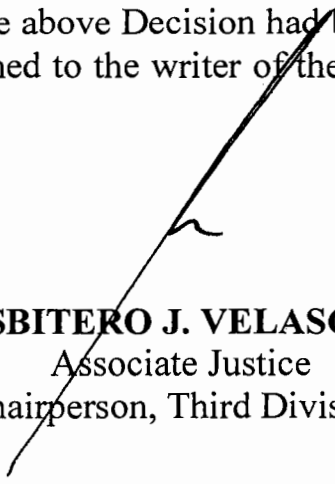
  
**SAMUEL R. MARTIRES**  
Associate Justice

**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.

**PRESBITERO J. VELASCO, JR.**

Associate Justice  
Chairperson, Third Division



**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.



**ANTONIO T. CARPIO**

Senior Associate Justice

(Per Section 12, R.A. 296)

The Judiciary Act of 1948, as amended

