



Republic of the Philippines
 Supreme Court
 Manila

SECOND DIVISION

PHILIPPINE
 BANK,

VETERANS

G.R. No. 217492

Petitioner,

Present:

PERLAS-BERNABE, S.A.J.,

Chairperson,

HERNANDO,

LAZARO-JAVIER,*

INTING, and

DIMAAMPAO, JJ.

- versus -

BASES CONVERSION AND
 DEVELOPMENT

AUTHORITY, MARCELO
 SAGUN, and EDNER SAGUN,

Respondents.

Promulgated:

OCT 04 2021

X-----X

DECISION

HERNANDO, J.:

Before this Court is a petition for review on *certiorari*¹ challenging the June 16, 2014 Decision² and February 17, 2015 Resolution³ rendered by the Court of Appeals (CA), which affirmed the award of just compensation by the Regional Trial Court (RTC) to respondents Marcelo Sagun (Marcelo) and Edner Sagun (Edner; collectively, the Saguns) instead of petitioner Philippine Veterans Bank (PVB).

* Designated as additional Member per raffle dated September 22, 2021 vice J. Gaerlan who recused himself due to prior action in the Court of Appeals.

¹ *Rollo*, pp. 8-33.

² *Id.* at 34-45. Penned by Associate Justice Francisco P. Acosta and concurred in by Associate Justices Fernanda Lampas Peralta and Myra V. Garcia-Fernandez.

³ *Id.* at 47-51.

Antecedent Facts:

In 2003, respondent Bases Conversion Development Authority (BCDA) instituted several expropriation proceedings for acquisition of lands needed for the Subic-Clark-Tarlac Expressway (SCTEX) Project. Two of the properties subject of the expropriation proceedings are the 1) 2,511 square meter (sq. m.) parcel of land covered by Certificate of Land Ownership Award (CLOA) No. 00604434 and Transfer Certificate of Title (TCT) No. 15767 in the name of Marcelo; and 2) 1,504 sq. m. parcel of land covered by CLOA No. 00604433 and TCT No. 15762 in the name of Edner (Subject Properties).⁴

The Subject Properties were originally owned by Belmonte Agro-Industrial Development Corporation (BAIDECO). In 1976, BAIDECO mortgaged the properties to PVB. The latter had since foreclosed on the mortgages and bought the same at a public auction in 1982. BAIDECO failed to redeem the foreclosed properties. Thereafter, PVB was placed under liquidation by the Central Bank of the Philippines from August 1984 to December 1991 and subsequently rehabilitated on January 1, 1992.⁵

Expropriation under the Comprehensive Agrarian Reform Program (CARP):

Meanwhile, Republic Act. No. (RA) 6657,⁶ otherwise known as the Comprehensive Agrarian Reform Law (CARL), was enacted. The Subject Properties were placed under the coverage of the CARP and consequently distributed to the Saguns who are farmer-beneficiaries.⁷ The Landbank of the Philippines (LBP) deposited advance payments for the registered landowner on the basis of its own valuation. Based on the Certificates of Deposit, the Department of Agrarian Reform (DAR) issued CLOA No. 00604434 to Marcelo and CLOA No. 00604433 to Edner on September 25, 2001.⁸

Pursuant to the issuance of the CLOAs, the Register of Deeds of Pampanga issued TCT No. 15767 in favor of Marcelo and TCT No. 15762 in favor of Edner on November 21, 2001.⁹ LBP did not inform PVB regarding the expropriation of the Subject Properties prior to the issuance of the CLOA and TCTs in favor of the farmer-beneficiaries.¹⁰

⁴ Id. at 35, 102.

⁵ Id. at 76-77, 113-114.

⁶ An Act Instituting a Comprehensive Agrarian Reform Program to Promote Social Justice and Industrialization, Providing the Mechanism for its Implementation, and for Other Purposes. Approved June 10, 1988.

⁷ Id.

⁸ Records of Civil Case No. 11267 (Volume II), pp. 952-953; Records of Civil Case No. 11273 (Volume I), p. 684-685.

⁹ Id.

¹⁰ Id. at 77, 114.

When PVB attempted to consolidate its ownership over the Subject Properties, it discovered that the same were already distributed to the farmer-beneficiaries, who already had CLOAs and TCTs issued in their favor. Thus, PVB filed a case for declaration of nullity of the Emancipation Patents (EPs) and TCTs with the RTC against BAIDECO, among others on the ground that it was not informed of the action made by the DAR on the Subject Properties. However, the case was withdrawn by PVB pursuant to this Court's ruling in *Department of Agriculture v. Cuenca*¹¹ that controversies on the implementation of the CARP fall under the jurisdiction of the DAR.¹²

In 2002, PVB filed a petition for determination of just compensation before the Office of the Regional Agrarian Reform Adjudicator of San Fernando, Pampanga. After a few years, in 2005, PVB and BAIDECO entered into a written agreement wherein BAIDECO ceded all of its rights and interests over the Subject Properties to PVB. After which, in 2006, PVB filed a petition before the RTC of Angeles City assailing the Department of Agriculture Regional Arbitration Board (DARAB)'s determination of just compensation over the Subject Properties, which was docketed as Civil Case No. 13237. PVB likewise asserted that full payment for the just compensation pursuant to the CARP coverage has not been made.¹³

**Expropriation by the BCDA
(SCTEX Expropriation):**

On December 4, 2003, BCDA instituted two expropriation proceedings seeking to expropriate the Subject Properties covered by TCT Nos. 15767 and 15762 in the name of Marcelo and Edner, respectively. The cases were raffled to RTC Angeles City, Branch 59 and docketed as Civil Case Nos. 11267 and 11273. Summons and a copy of the complaint were duly served upon the Saguns, who were eventually declared in default upon BCDA's motion. Upon BCDA's motion and payment of deposit, the RTC ordered the issuance of a Writ of Possession to give BCDA authorization to enter, take possession, and control the Subject Properties. The Writ of Possession was issued on March 24, 2004 and actual and material possession of the Subject Properties were delivered to BCDA on April 20, 2004.¹⁴

After learning of the expropriation cases filed by the BCDA, PVB filed motions to intervene in the cases. The RTC, upon motion and hearing, admitted the complaints-in-intervention attached to the aforementioned motions.¹⁵

¹¹ 482 Phil. 208-227 (2004).

¹² *Rollo*, p. 114.

¹³ *Id.* at 78, 115.

¹⁴ *Id.* at 65, 100-101.

¹⁵ *Id.* at 65-66, 101.

On July 11, 2005, the trial court issued an order of expropriation declaring that BCDA has the lawful right to take the Subject Properties for expropriation. Expropriation proceedings followed and the case was submitted for decision.¹⁶

BCDA filed an Omnibus Motion with an Amended Complaint, impleading LBP being the mortgagee of the Subject Properties. Accordingly, LBP was summoned. In turn, LBP asserted that as the government's financial arm in the implementation of CARP, it had already made payments for the Subject Properties through the deposits required by law, and by reason of such full compliance, a mortgage in favor of LBP was annotated on the titles thereof. LBP noted that PVB's assertion of non-payment may pertain to the fact that compensation is still deposited with LBP and not yet withdrawn, since PVB had yet to comply with the documentary requirements of LBP in order to release the same. Moreover, PVB rejected the just compensation and a case on the matter is pending with RTC Branch 56.¹⁷

Ruling of the Regional Trial Court:

On August 5, 2011, the trial court rendered its Decision in both Civil Case Nos. 11267 and 11273 finding that BCDA had the lawful right to the Subject Properties and ordered BCDA to deposit the remainder of the just compensation to the trial court, which shall answer for the satisfaction of LBP's mortgage lien and the balance, if any is to be paid to Marcelo and Edner, viz.:¹⁸

WHEREFORE, premises considered, judgment is hereby rendered declaring that plaintiff Bases Conversion Development Authority has a lawful right to the affected property sought to be expropriated for the public use or purpose described in the Amended Complaint upon payment by the plaintiff to defendant Land Bank of the Philippines of Fifty Pesos (P50.00) per square meter for the affected area measuring a total of One thousand five hundred four square meters (1,504 sq.m.) located at Barangay Planas, Porac, Pampanga described in the Certificate of Land Ownership Award No. 00604433 and TCT No. 15762 registered in the name of Edner Sagun which is classified as an agricultural lot, or a total of Seventy five thousand two hundred pesos (P75,200.00) as just compensation.

Considering that plaintiff BCDA made a deposit of Twenty two thousand two hundred ninety pesos (P22,290.00) as evidenced by Official Receipt No. 17825200 dated January 22, 2004, it shall further deposit the amount of Fifty two thousand nine hundred ten pesos (P52,910.00) with the Cashier of the Office of the Clerk of Court, Regional Trial Court of Angeles City. The total deposit to be made by BCDA, which should amount to P75,200.00, shall

¹⁶ Id.

¹⁷ Id. at 69, 103.

¹⁸ Id. at 84-85, 122-123.

answer for the satisfaction of the mortgage lien to defendant LBP, and the balance, is to be paid to defendant Edner Sagun.

Plaintiff BCDA shall likewise pay:

1. The interest of twelve per cent (12)% per annum from April 20, 2004, the date of delivery of possession of the property to the plaintiff, until full payment is made of the amount due to defendant Sagun, subject to the satisfaction of the mortgage lien of defendant LBP; and
2. Commissioners' fees, which shall be Three hundred pesos (P300.00) per Commissioner for five (5) days, or the total amount of One thousand five hundred pesos (P1,500.00) for each commissioner.

On the other hand, defendant LBP is ordered to:

1. Surrender the original duplicate copy of TCT No. 15762 registered in the name of Edner Sagun to plaintiff BCDA; and
2. Bear the capital gains tax involved in the transfer of the expropriated property to plaintiff BCDA.

After payment of the required taxes and presentation of all the necessary documents, the Register of Deeds of Pampanga is ordered to:

1. Cancel TCT No. 15762 registered in the name of Edner Sagun;
2. Issue: (a) a new title in the name of BCDA covering the subject affected property described in the Amended Complaint; and (b) another title for the remaining/residual portion in the name of defendant Edner Sagun.

All parties shall perform all acts and execute necessary deeds/documents as may be needed to effect said transfer to plaintiff BCDA. No amount is adjudged for actual improvements and damages, and no amount is adjudged for consequential damages and benefits. Let certified copies of this Decision be recorded in the proper government offices concerned in the Province of Pampanga.

SO ORDERED.¹⁹

In so ruling, the trial court observed that the Saguns had a better right to the just compensation. While it noted that the Saguns' TCTs were improvidently issued in view of lapses in procedure provided under the CARL, the trial court likewise noted that PVB no longer contests such improvident issuance or the rightfulness of the expropriation under the CARP as the only issue remaining to be resolved is how much compensation PVB should receive.

¹⁹ Id. at 122-123.

Thus, the trial court opined that PVB which stands to receive just compensation from the CARP can no longer claim that it has an interest to protect in the case. Moreover, the RTC opined that to rule that PVB is entitled to just compensation will be tantamount to unjust enrichment to the prejudice of the Saguns, proscribed under Article 22 of the Civil Code, and PVB's claim is already amply asserted and protected in Civil Case No. 13237.²⁰

In its November 28, 2011 Order, the RTC modified the August 5, 2011 Decision upon oral motion of LBP to be dropped as a defendant in the case, which was granted. In the said Order, the trial court ordered (a) BCDA to pay Marcelo the entire just compensation, (b) the surrender and cancellation of the TCTs registered in the name of the Saguns, and (c) the issuance of a new title in the name of BCDA for the parcel of land sought to be expropriated and another title in the name of Marcelo for the remaining portion thereof.²¹

The trial court, in so ruling, noted that LBP may be dropped as defendant since the Saguns had already paid their obligation to LBP, and that they are the registered owners who stand to be benefited by the transfer of the Subject Properties to BCDA by virtue of the expropriation proceeding.²² The dispositive portion of the November 28, 2011 Order reads as follows:

WHEREFORE, premises considered, the prayers in the "Motion for Reconsideration (of the Honorable Court's Decision dated 05 August 2011)" filed by plaintiff Bases Conversion Development Authority and the "Partial Motion for New Trial and/or Reconsideration" filed by defendant Land Bank of the Philippines are hereby DENIED for lack of merit.

The oral motion of defendant Land Bank of the Philippines to be dropped as a defendant in this case, to which plaintiff Bases Conversion Development Authority and intervenor Philippine Veterans Bank offered no objection, and which is found by the court to be in accordance with the Revised Rules of Court, is hereby GRANTED.

Necessarily, the dispositive portion of the Decision dated August 5, 2011 is hereby modified as follows:

a. Plaintiff BCDA shall pay defendant Edner Sagun just compensation amounting to fifty Pesos (P50.00) per square meter for the affected area measuring a total of One thousand five hundred four square meters (1,504 sq. m.) located at Barangay Planas, Porac, Pampanga described in Certificate of Land Ownership Award No. 00604433 and TCT No. 15762 registered in the name of Edner Sagun which is classified as an agricultural lot, or a total of Seventy five thousand two hundred pesos (P75,200.00).

²⁰ Id.

²¹ Id. at 98-99, 135-136.

²² Id. at 96-97, 134.

Considering that plaintiff BCDA made a deposit of Twenty[-]two thousand two hundred ninety pesos (P22,290.00) as evidenced by Official Receipt No. 17825200 dated January 22, 2004, it shall further deposit the amount of Fifty[-] two thousand nine hundred ten pesos (P52,910.00) with the Cashier of Office of the Clerk of Court, Regional Trial Court of Angeles City. The total deposit to be made by BCDA, which should amount to P75,200.00, shall answer for the just compensation to be paid to defendant Edner Sagun;

b. Plaintiff BCDA shall pay the interest of twelve per cent (12%) per annum from April 20, 2004, the date of delivery of possession of the property to the plaintiff, until full payment is made of the amount due to defendant Edner Sagun;

c. Defendant Edner Sagun is ordered to:

- (i) Surrender the original duplicate copy of TCT No. 15762 to plaintiff BCDA; and
- (ii) Bear the capital gains tax involved in the transfer of the expropriated property to plaintiff BCDA.

After payment of the required taxes and presentation of all the necessary documents, the Register of Deeds of Pampanga is ordered to:

- (i) Cancel TCT No. 15762 registered in the name of Edner Sagun; and
- (ii) Issue: (a) a new title in the name of BCDA covering the subject affected property described in the Amended Complaint and (b) another title for the remaining residual portion in the name of defendant Edner Sagun.

All parties shall perform all acts and execute necessary deeds/documents as may be needed to effect said transfer to plaintiff BCDA. No amount is adjudged for actual improvements and damages; and no amount is adjudged for consequential damages and benefits. Let certified copies of this modified dispositive portion of the Decision dated August 5, 2011 be recorded in the proper government offices concerned in the Province of Pampanga.

SO ORDERED.²³

Ruling of the Court of Appeals:

Aggrieved, PVB appealed the trial court's Decision in Civil Case Nos. 11267 and 11273. In essence, PVB argued that it is the owner of the Subject Properties and not the Saguns; thus, it is entitled to receive the just compensation which the RTC awarded to the latter.²⁴ In its June 16, 2014 Decision, the appellate court ruled that PVB is not entitled to just compensation. The dispositive portion reads:

²³ Id. at 135-136.

²⁴ Id. at 42.

WHEREFORE, premises considered, the instant Appeal is **DISMISSED**. Accordingly, the Decision dated 5 August 2011 and Order dated 28 November 2011 of the court a quo are hereby *AFFIRMED in toto*.

SO ORDERED.²⁵

In so ruling, the appellate court similarly observed that PVB instituted the petition for determination of judicial compensation as the owner of the Subject Properties (pursuant to the memorandum of BAIDECO which notably waived its rights over the Subject Properties in favor of the former). It also held that an examination of the allegations of the said petition indicated that the propriety of the CARP coverage over the Subject Properties, as well as the distribution of the same to the farmer-beneficiaries, was no longer an issue on the part of PVB, since PVB was contesting only the amount of the just compensation that it will receive. Hence, considering that the Subject Properties were already distributed to the farmer-beneficiaries, PVB only has the right to receive just compensation pursuant to CARP and no longer has an interest or right over the Subject Properties when BCDA filed the case for expropriation.²⁶

The CA opined that upon the initiation of the SCTEX expropriation case, the lawful owners of the properties were the farmer-beneficiaries, who were already in possession of valid CLOAs; and grave injustice and unjust enrichment would result if the CA sustained the contention that PVB was entitled to the just compensation of the SCTEX project as it would be doubly compensated by the State.²⁷

PVB moved for reconsideration, which was denied by the appellate court in its February 17, 2015 Resolution.²⁸

Hence, this petition, where PVB asserts that as the owner of the Subject Properties, it is entitled to receive just compensation either pursuant to the SCTEX expropriation or CARP expropriation.²⁹

In its Comment, BCDA maintains that the CA correctly ruled that the Subject Properties were owned by the Saguns, the farmer-beneficiaries of the CARP expropriation who already had EPs, CLOAs and/or TCTs issued in their favor. BCDA likewise contends that grave injustice and unjust enrichment would result should the compensation in the SCTEX expropriation be paid to PVB rather than the Saguns.³⁰ Despite the Court requiring the

²⁵ Id. at 44.

²⁶ Id. at 43.

²⁷ Id.

²⁸ Id. at 47-51.

²⁹ Id. at 8-12.

³⁰ Id. at 278-283.

W

Saguns to comment on the petition, they failed to do so.³¹ Hence, with the consent of petitioner, the case was submitted for resolution on the basis of the available pleadings.³²

Issue

In essence, this Court is called upon to determine whether the just compensation in the expropriation proceedings instituted by BCDA on the Subject Properties should be awarded to PVB instead of the Saguns.

Our Ruling

The petition is denied for lack of merit. After a judicious examination of the case and applicable law and jurisprudence, this Court finds that the proceeds from the SCTEX expropriation should be paid to the Saguns.

PVB, as the landowner entitled to just compensation in the CARP expropriation, is not entitled to receive just compensation in the SCTEX Expropriation for the same property.

It is settled that the requirement of just compensation is not satisfied by the mere deposit with any accessible bank of the provisional compensation determined by the LBP or the DAR, and its subsequent release to the landowner after compliance with the legal requirements set forth by RA 6657. What is material is the fact that the landowner remains unpaid notwithstanding the taking of the property.³³ Here, it is evident that PVB, when the SCTEX expropriation was initiated and to date, has yet to receive just compensation for the taking of the Subject Properties pursuant to its coverage under CARP.

Moreover, there were lapses on the part of the State in complying with the procedure provided for acquisition of lands under RA 6657,³⁴ as CLOAs

³¹ Id. at 213-214, 355, 364,366.

³² Id. at 371-373.

³³ *Land Bank of the Philippines v. Barriado*, G.R. No. 198478, March 6, 2019.

³⁴ Section 16 of the CARL reads:

SECTION 16. Procedure for Acquisition of Private Lands. -- For purposes of acquisition of private lands, the following procedures shall be followed:

(a) After having identified the land, the landowners and the beneficiaries, the DAR shall send its notice to acquire the land to the owners thereof, by personal delivery or registered mail, and post the same in a conspicuous place in the municipal building and barangay hall of the place where the property is located. Said notice shall contain the offer of the DAR to pay a corresponding value in accordance with the valuation set forth in Sections 17, 18, and other pertinent provisions hereof.

(b) Within thirty (30) days from the date of receipt of written notice by personal delivery or

and TCTs were issued in favor of the Saguns without DAR or LBP notifying PVB, the owner of the property, of the proceedings. Consequently, PVB anchors its claim to the compensation in the SCTEX expropriation on the doctrine that a landowner retains ownership of its property prior to the payment of just compensation.

We are not persuaded.

At the outset, we agree with the courts *a quo*'s observation that PVB instituted the petition for determination of judicial compensation in connection with the CARP expropriation as the owner of the Subject Properties, and that an examination of PVB's allegations therein indicated that the propriety of the coverage of the Subject Properties, as well as the distribution of the same to the Saguns, was no longer an issue on the part of PVB.

Moreover, PVB had already withdrawn its action for the declaration of nullity of the EPs and TCTs issued in favor of the Saguns. In fine, in filing the petition for judicial determination of just compensation, PVB was contesting only the amount of the just compensation that it will receive from the CARP expropriation, in addition to its claim for just compensation in the SCTEX expropriation.

However, PVB's contention that it is entitled to the proceeds in either the CARP and SCTEX expropriations runs contrary to the concepts of "taking" and "just compensation" in our jurisdiction. In the context of the State's inherent power of eminent domain, there is "taking" where the owner is actually deprived or dispossessed of his property; where there is a practical destruction or a material impairment of the value of his property; or when he

registered mail, **the landowner, his administrator or representative shall inform the DAR of his acceptance or rejection of the offer.**

(c) If the landowner accepts the offer of the DAR, the Land Bank of the Philippines (LBP) shall pay the landowner the purchase price of the land within thirty (30) days after he executes and delivers a deed of transfer in favor of the Government and surrenders the Certificate of Title and other monuments of title.

(d) In case of rejection or failure to reply, the DAR shall conduct summary administrative proceedings to determine the compensation for the land by requiring the landowner, the LBP and other interested parties to submit evidence as to the just compensation for the land, within fifteen (15) days from the receipt of the notice. After the expiration of the above period, the matter is deemed submitted for decision. The DAR shall decide the case within thirty (30) days after it is submitted for decision.

(e) Upon receipt by the landowner of the corresponding payment or, in case of rejection or no response from the landowner, upon the deposit with an accessible bank designated by the DAR of the compensation in cash or in LBP bonds in accordance with this Act, the DAR shall take immediate possession of the land and shall request the proper Register of Deeds to issue a Transfer Certificate of Title (TCT) in the name of the Republic of the Philippines. The DAR shall thereafter proceed with the redistribution of the land to the qualified beneficiaries.

(f) Any party who disagrees with the decision may bring the matter to the court of proper jurisdiction for final determination of just compensation. (Emphasis supplied.)

is deprived of the ordinary use thereof.³⁵ Taking may be deemed to occur, for instance, at the time EPs are issued by the government.³⁶ Here, it is undisputed that prior to the SCTEX expropriation initiated in 2003, PVB was already deprived of use and possession of the Subject Properties when CLOAs were awarded and TCTs were issued in favor of the Saguns in 2001. Thus, the taking of PVB's property was by virtue of the CARP expropriation, and not the SCTEX expropriation.

On the other hand, just compensation refers to the just and complete equivalent of the loss which the owner of the thing expropriated has to suffer by reason of the expropriation and is ordinarily determined by referring to the value of the land and its character at the time it was taken by the expropriating authority.³⁷ In fine, just compensation is the "equivalent for the value of the property at the time of its taking. *Anything beyond that is more and anything short of that is less, than just compensation.* It means a fair and full equivalent for the loss sustained, which is the measure of the indemnity, not whatever gain would accrue to the expropriating authority." In other words, the measure of just compensation "is not the taker's gain but the owner's loss."³⁸

Accordingly, the State's obligation to compensate the landowner arises only if the owner suffered a loss in the hands of the State. Just compensation must not extend beyond the property owner's loss or injury. Even as undervaluation would deprive the owner of his property without due process, so too would its overvaluation unduly favor him to the prejudice of the public. In this manner, the compensation to be paid is truly just, not only for the owner whose property was taken, but also to the public who bears the cost of expropriation.³⁹

As previously mentioned, the "taking" suffered by PVB occurred by virtue of the implementation of the CARP. Thus, just compensation must be paid by the LBP by virtue of the CARP expropriation. PVB should not be entitled to just compensation beyond the loss it suffered therein. Again, PVB shall be entitled to receive compensation equivalent to the value of the property at the time of its taking, as recompense for its loss; no more, no less.

In this regard, as between the two expropriation proceedings in the case at bench, PVB may recover only from the proceeding that resulted in the

³⁵ *Philippine National Oil Company v. Maglasang*, 591 Phil. 534, 541 (2008), citing *Municipality of La Carlota v. NAWASA*, G.R. No. L-20232, September 30, 1964, 12 SCRA 164, 167.

³⁶ *Land Bank of the Phils. v. Lajom*, 741 Phil. 655, 665 (2014), citing *Land Bank of the Philippines v. Heirs of Domingo*, 567 Phil. 593 (2008).

³⁷ *National Power Corp. v. Ibrahim*, 553 Phil. 136, 150 (2007), citing *NAPOCOR v. Court of Appeals*, G.R. No. 106804, August 12, 2004, 436 SCRA 195 and *NAPOCOR v. Gutierrez*, G.R. No. 60077, January 18, 1991, 193 SCRA 1.

³⁸ *Alfonso v. Land Bank of the Philippines*, 801 Phil. 217, 350 (2016).

³⁹ See *Id.*

taking of the Subject Properties from its possession. To rule otherwise, *i.e.*, to find that PVB is entitled to compensation from either proceeding at its choosing, or worse, to find that PVB can claim compensation from both proceedings, would result in unjust enrichment on the part of PVB.

In sum, considering that the Subject Properties were already distributed to the Saguns when the SCTEX expropriation was initiated, PVB just has to receive just compensation pursuant to CARP. It no longer has an interest or right over the Subject Properties when BCDA filed the case for the SCTEX expropriation.

The Saguns, as farmer-beneficiaries with CLOAS and Torrens titles issued in their favor over the Subject Properties, are entitled to receive just compensation in the SCTEX expropriation.

The CARP mandates that the welfare of the landless farmers and farmworkers will receive the highest consideration to promote social justice and to move the nation toward sound rural development and industrialization.⁴⁰ No less than the Constitution provides that the State shall undertake an agrarian reform program founded on the right of farmers and regular farmworkers, who are landless, to own directly or collectively the lands they till or to receive a just share of the fruits thereof.⁴¹

Section 24 of the CARL provides that the rights and responsibilities of farmer-beneficiaries shall commence from their receipt of a duly registered CLOA, and such certificate by itself is a document evidencing ownership of the land granted or awarded to the beneficiary by the DAR.⁴² Certificates of

⁴⁰ Section 2 of the CARL provides:

Sec. 2. Declaration of Principles and Policies. -- It is the policy of the State to pursue a Comprehensive Agrarian Reform Program (CARP). **The welfare of the landless farmers and farmworkers will receive the highest consideration to promote social justice** and to move the nation toward sound rural development and industrialization, and the establishment of owner cultivatorship of economic-size farms as the basis of Philippine agriculture. xxxx (Emphasis supplied)

⁴¹ Section 4, Article XIII of the 1987 CONSTITUTION provides:

Sec. 4 **The State shall, by law, undertake an agrarian reform program founded on the right of farmers and regular farmworkers, who are landless, to own directly or collectively the lands they till or, in the case of other farmworkers, to receive a just share of the fruits thereof.** To this end, the State shall encourage and undertake the just distribution of all agricultural lands, subject to such priorities and reasonable retention limits as the Congress may prescribe, taking into account ecological, developmental, or equity considerations, and subject to the payment of just compensation. In determining retention limits, the State shall respect the right of small landowners. The State shall further provide incentives for voluntary land-sharing. (Emphasis supplied.)

⁴² Section 24 of R.A. 6657 reads:

SECTION 24. *Award to Beneficiaries.* -- **The rights and responsibilities of the beneficiary shall commence from the time the DAR makes an award of the land to him, which award**

title serve as evidence of an indefeasible title, which becomes incontrovertible after expiration of the one (1) year period from the issuance of the registration decree, upon which it was based.⁴³

It is settled that certificates of title issued in administrative proceedings, such as EPs and CLOAs, are as indefeasible as those issued in judicial proceedings.⁴⁴ In line therewith, Section 24 of the CARL, as amended by RA 9700, now explicitly provides that CLOAs enjoy the same indefeasibility and security afforded to all titles under the Torrens System:

Section 24. Award to beneficiaries. — The rights and responsibilities of the beneficiaries shall commence from their receipt of a duly registered emancipation patent or certificate of land ownership award and their actual physical possession of the awarded land. Such award shall be completed in not more than one hundred eighty (180) days from the date of registration of the title in the name of the Republic of the Philippines: Provided, That the emancipation patents, the certificates of land ownership award, and other titles issued under any agrarian reform program shall be indefeasible and imprescriptible after one (1) year from its registration with the Office of the Registry of Deeds, subject to the conditions, limitations and qualifications of this Act, the property registration decree, and other pertinent laws. The emancipation patents or the certificates of land ownership award being titles brought under the operation of the Torrens system, are conferred with the same indefeasibility and security afforded to all titles under the said system, as provided for by Presidential Decree No. 1529, as amended by Republic Act No. 6732.

It is the ministerial duty of the Registry of Deeds to register the title of the land in the name of the Republic of the Philippines, after the Land Bank of the Philippines (LBP) has certified that the necessary deposit in the name of the landowner constituting full payment in cash or in bond with due notice to the landowner and the registration of the certificate of land ownership award issued to the beneficiaries, and to cancel previous titles pertaining thereto.

In this case, the Saguns had already fully paid LBP for the Subject Properties, and the records are bereft of any indication that they have pending violations on the conditions for acquiring the same under the CARP. In fact, the issuance of CLOAs and TCTs in their favor on September 25, 2001 and November 21, 2001, respectively, evince their compliance to the conditions set by our agrarian reform laws for acquisition of the Subject Properties. After the expiration of one (1) year, the certificates of title covering the Subject

shall be completed within one hundred eighty (180) days from the time the DAR takes actual possession of the land. Ownership of the beneficiary shall be evidenced by a Certificate of Land Ownership Award, which shall contain the restrictions and conditions provided for in this Act, and shall be recorded in the Register of Deeds concerned and annotated on the Certificate of Title. (Emphasis supplied).

⁴³ *Polo Plantation Agrarian Reform Multipurpose Cooperative v. Inson*, G.R. No. 189162, January 30, 2019, citing *Lebrudo v. Loyola*, 660 Phil. 456 (2011).

⁴⁴ *Estribillo v. Department of Agrarian Reform*, 526 Phil. 700, 716-719 (2006), citing *Ybañez v. Intermediate Appellate Court*, G.R. No. 68291, 6 March 1991, 194 SCRA 743, 749-750.

Properties already became irrevocable and indefeasible, and serve as evidence of ownership.

As registered property owners, the Saguns are entitled to the protection given to every Torrens title holder. Their rights may only be forfeited in case of violations of agrarian laws, as well as noncompliance with the restrictions and conditions under the CARL.⁴⁵ In addition, it bears stressing that PVB's allegations in its petition for determination of just compensation, coupled by its withdrawal of its action for the declaration of nullity of the EPs and TCTs issued in favor of the Saguns, show that it is no longer questioning the propriety of the CARP coverage over the Subject Properties and the distribution of the same to the Saguns.

Thus, the Saguns, who were already in possession of valid CLOAs and TCTs covering the Subject Properties when the SCTEX expropriation began and whose CLOAs and TCTs are no longer an issue, should be considered the lawful owners of the Subject Properties who are entitled to receive just compensation by virtue of the SCTEX expropriation.

Indeed, it would be unjust to deprive the Saguns, through no fault of their own, of the land they till or just compensation in lieu thereof, moreso because PVB does not even contest the transfer of title to them and has even withdrawn its action to nullify its EPs and TCTs. All told, the courts' *a quo* were justified in awarding just compensation to the Saguns by virtue of the SCTEX expropriation.

Finally, in keeping with prevailing jurisprudence on the computation of interest, the compensation payable to the Saguns shall earn legal interest of twelve percent (12%) *per annum*, reckoned from the time of taking of the Subject Properties on April 20, 2004 until June 30, 2013. Beginning July 1, 2013 until finality of the Decision, interest at the rate of six percent (6%) *per annum*⁴⁶ shall be imposed. Thereafter, the total amount outstanding shall earn interest at the rate of six percent (6%) *per annum* until fully paid.

WHEREFORE, the instant Petition is **DENIED**. The assailed June 16, 2014 Decision and February 17, 2015 Resolution of the Court of Appeals are hereby **AFFIRMED with MODIFICATION** that the just compensation due shall be paid with legal interest of twelve percent (12%) *per annum* from April 20, 2004 until June 30, 2013, and legal interest of six percent (6%) *per annum* from July 1, 2013 until finality of the Decision. The total amount of the foregoing shall earn interest at the rate of six percent (6%) *per annum* from such finality until full satisfaction.


⁴⁵ *Supra* note 41.

⁴⁶ See *Nacar v. Gallery Frames*, 716 Phil. 267, 280 (2013).

SO ORDERED

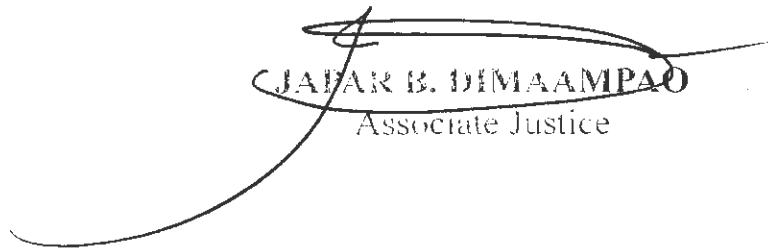

RAMON PAUL L. HERNANDO
Associate Justice

WE CONCUR:


ESTELA M. PERLAS-BERNABE
Senior Associate Justice
Chairperson



AMY C. LAZARO-JAVIER
Associate Justice


HENRI JEAN PAUL B. INTING
Associate Justice


CJAFAR B. DIMAAMPAO
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.


ESTELA M. PERLAS-BERNABE
Senior 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.


ALEXANDER G. GESMUNDO
Chief Justice