

SUPREME COURT OF THE PHILIPPINES
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Republic of the Philippines
SUPREME COURT
Manila

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Wilfredo V. Lapitan
WILFREDO V. LAPITAN
Division Clerk of Court
Third Division
JUL 19 2017

THIRD DIVISION

DANILO BARTOLATA,
represented by his Attorney-in-Fact
REBECCA R. PILOT and/or
DIONISIO P. PILOT,
Petitioner,

G.R. No. 223334

Present:

- versus -

REPUBLIC OF THE
PHILIPPINES, DEPARTMENT
OF PUBLIC WORKS AND
HIGHWAYS, DEPARTMENT OF
TRANSPORTATION AND
COMMUNICATIONS, and TOLL
REGULATORY BOARD,
Respondents.

VELASCO, JR., *J.*, Chairperson,
BERSAMIN,
REYES,
PERLAS-BERNABE,* and
TIJAM, *JJ.*

Promulgated:

June 7, 2017

x-----*Wilfredo V. Lapitan*-----x

DECISION

VELASCO, JR., *J.*:

Nature of the Case

Before the Court is a Petition for Review on Certiorari assailing the Decision¹ and Resolution of the Court of Appeals (CA) in CA-G.R. CV No. 100523, dated July 10, 2015 and March 7, 2016, respectively. The challenged rulings denied petitioner's claim for just compensation on the ground that the portion of his property that was used by the government was subject to an easement of right of way. Additionally, the CA ordered petitioner to return any payment made to him by the government in relation to the enforcement of the easement.

The Facts of the Case

Petitioner Danilo Bartolata acquired ownership over a 400 square meter parcel of land identified as Lot 5, Blk. 1, Phase 1, AFP Officer's Village, Taguig, Metro Manila by virtue of an Order of Award from the

* Additional member per raffle dated February 15, 2017.

¹ Penned by Associate Justice Maria Elisa Sempio Diy and concurred in by Associate Justices Stephen C. Cruz and Manuel M. Barrios.

Bureau of Lands dated December 14, 1987.² It appears from the Order of Award that petitioner was the sole bidder for the property during a public auction conducted on August 14, 1987,³ with the offer of ₱15 per square meter or ₱6,000 total for the 400 square meter lot.⁴

Sometime in 1997, respondents acquired 223 square meters of petitioner's property for the development of the Metro Manila Skyway Project. The parties agreed that in exchange for the acquisition, petitioner would be paid just compensation for the appraised value of the property, fixed at ₱55,000 per square meter or an aggregate of ₱12,265,000 for the entire affected area by the Municipal Appraisal Committee of Taguig, Metro Manila.⁵ Subsequently, on August 14, 1997, respondents appropriated ₱1,480,000 in favor of petitioner as partial payment.

Since the date of initial payment, petitioner had, on numerous occasions, demanded from respondents the balance of Php10,785,000.00, but the latter refused to settle their outstanding obligation. This prompted petitioner to file, on September 20, 2006, a Complaint⁶ for a sum of money with the Regional Trial Court (RTC), Branch 166 in Pasig City, docketed as Civil Case No. 70969.⁷

In their Supplemental Answer, dated July 9, 2009, respondents raised that the Order of Award from the Bureau of Lands granting title to petitioner over the subject property contained the following encumbrance:

This award shall further be subject to the provisions of the Public Land Law (Commonwealth Act No. 141, as amended), and particularly the following conditions:

x x x x

2. The land shall be subject to the easement and servitudes provided for in Section 109-114 of Commonwealth Act No. 141, as amended.⁸ (emphasis added)

Respondents then argued that pursuant to Section 112 of Commonwealth Act No. 141 (CA 141),⁹ the government is entitled to an easement of right of way not exceeding 60 meters in width, without need of payment for just compensation, save for the value of improvements existing. The pertinent provision reads:

² *Rollo*, p. 118.

³ *Id.* at 125.

⁴ *Id.* at 140-141.

⁵ *Id.* at 134.

⁶ *Id.* at 77.

⁷ Entitled "*Danilo Bartolata, rep. by Atty. In Fact Rebecca P. Pilot & Dionisio P. Pilot vs. Republic of the Philippines, Department of Public Works and Highways, Department of Transportation and Communications, and Toll Regulatory Board.*"

⁸ *Rollo*, p. 141.

⁹ AN ACT TO AMEND AND COMPILE THE LAWS RELATIVE TO LANDS OF THE PUBLIC DOMAIN, approved on November 7, 1936.

SECTION 112. Said land shall further be subject to a right-of-way not exceeding sixty (60) meters in width for public highways, railroads, irrigation ditches, aqueducts, telegraph and telephone lines and similar works as the Government or any public or quasi-public service or enterprise, including mining or forest concessionaires, may reasonably require for carrying on their business, with damages for the improvements only. (emphasis added)

Under the above-cited provision, any payment for the government's use of the easement, unless made to compensate the landowner for the value of the improvements affected, is unwarranted. Consequently, respondents prayed, by way of counterclaim, that the ₱1,480,000 partial payment made to petitioner for the acquisition of the latter's property, which was well within the 60-meter threshold width, be returned to the government.

In rebuttal, petitioner contended that Presidential Decree No. 2004 (PD 2004),¹⁰ which amended Republic Act No. 730 (RA 730),¹¹ allegedly removed the statutory lien attached to the subject property. Sec. 2 of RA 730, as amended, now reads:

SEC. 2. Lands acquired under the provisions of this Act shall not be subject to any restrictions against encumbrance or alienation before and after the issuance of the patents thereon.

Respondents, however, countered that petitioner could not have benefited from PD 2004 since the removal of restrictions and encumbrances contained in PD 2004 only applies to public land sold by the government for residential purposes without public auction, whereas petitioner was awarded the subject property through a public auction sale.

Ruling of the RTC

On November 28, 2012, the RTC promulgated its Decision in Civil Case No. 70969 disposing the case in the following wise:

WHEREFORE, premises considered, judgment is hereby rendered dismissing plaintiff's complaint for lack of merit and insufficiency of evidence.

Defendant's counterclaims are likewise denied and dismissed for insufficiency of evidence.

No pronouncement as to costs.

SO ORDERED.¹²

¹⁰ AMENDING SECTION TWO OR REPUBLIC ACT NUMBERED SEVEN HUNDRED AND THIRTY RELATIVE TO THE SALE WITHOUT PUBLIC AUCTION OF PUBLIC LANDS OF THE REPUBLIC OF THE PHILIPPINES FOR RESIDENTIAL PURPOSES TO QUALIFIED APPLICANTS UNDER CERTAIN CONDITIONS, dated December 30, 1985.

¹¹ AN ACT TO PERMIT THE SALE WITHOUT PUBLIC AUCTION OF PUBLIC LANDS OF THE REPUBLIC OF THE PHILIPPINES FOR RESIDENTIAL PURPOSES TO QUALIFIED APPLICANTS UNDER CERTAIN CONDITIONS, approved on June 18, 1952.

¹² *Rollo*, p. 126.

Giving credence to respondents' postulation, the RTC ruled that PD 2004 could not have removed the encumbrances attached to petitioner's property since the law does not cover public lands sold through auction. The RTC, therefore, ruled that the government is entitled to a 60-meter width right of way on the property, for which it is not entitled to pay just compensation under Sec. 112 of CA 141.¹³

Nevertheless, the RTC found no reason to grant respondents' counterclaim. In ruling that petitioner is not under obligation to return the initial payment made, the RTC considered the fact that respondents effectively entered into a contract of sale with petitioner for the acquisition of the piece of land to be used for the Metro Manila Skyway Project, which contract of sale was consummated by respondents' partial payment.¹⁴ By virtue of this consummated contract of sale, so the RTC further ratiocinated, petitioner never opposed the taking of his property. He was made to believe, as he did in fact believe, that he will be paid just compensation as agreed upon by the parties. It cannot then be said that petitioner was illegally paid when he transacted with the government in good faith and when he relied on respondents' representations that he is entitled to just compensation.

Ruling of the CA

On appeal, the CA modified the RTC ruling thusly:

WHEREFORE, premises considered, plaintiff-appellant's appeal is **DENIED**. On the other hand, defendants' appeal is **GRANTED**. Accordingly, the Decision dated November 28, 2012 of Branch 166, Regional Trial Court of Pasig City in Civil Case No. 70969 is hereby **AFFIRMED** with the **MODIFICATION** that plaintiff-appellant is ordered to return the amount of Php1,480,000.00 to the Republic of the Philippines.

SO ORDERED.¹⁵

The appellate court affirmed the RTC's finding that the subject property is still subject to the easement of right of way, which is free of any compensation, except only for the value of the existing improvements that may have been affected. Echoing the RTC's line of reasoning, the CA ruled that PD 2004 could not be extended to benefit petitioner who acquired the subject property through an auction sale. The lot in issue is, therefore, subject to the statutory lien embodied in Sec. 112 of CA 141.

Further upholding the government's right to enforce against petitioner's property the easement for public highways without cost, the CA granted respondents' counterclaim on appeal. The CA noted that the portion of petitioner's property that was used by respondents corresponds to the

¹³ Id. at 123.

¹⁴ Id. at 125.

¹⁵ Id. at 146.

widths of 13.92 meters and 13.99 meters, well within the 60-meter limit under CA 141.¹⁶ Given that respondents never exceeded the threshold width, and that petitioner never established that there were improvements in his property that were affected, the CA held that petitioner is not entitled to any form of compensation. Consequently, the CA ordered him to return the ₱1,480,000 partial payment made, lest he be unjustly enriched by respondents' use of the legal easement that under the law should have been free of charge.

Aggrieved, petitioner moved for reconsideration of the appellate court's Decision, which motion was denied by the CA through its March 7, 2016 Resolution. Hence, petitioner elevated the case to this Court.

The Issues

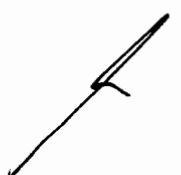
In the instant recourse, petitioner raises the following issues:

1. THE HONORABLE COURT OF APPEALS SERIOUSLY/GRAVELY COMMITTED AN ERROR IN LAW AND WITH THE ESTABLISHED/ACCEPTED JURISPRUDENCE IN UPHOLDING AND SUSTAINING THE DECISION DATED 28 NOVEMBER 2012 OF THE HONORABLE REGIONAL TRIAL COURT BRANCH 166 OF PASIG CITY IN RULING THAT THE PROVISIONS OF PRESIDENTIAL DECREE NO. 2004 IS INAPPLICABLE OVER THE SUBJECT PARCEL OF LAND OF PETITIONER.
2. THE HONORABLE COURT OF APPEALS SERIOUSLY/GRAVELY COMMITTED AN ERROR IN LAW AND WITH THE ESTABLISHED/ACCEPTED JURISPRUDENCE IN UPHOLDING AND SUSTAINING THE DECISION DATED 28 NOVEMBER 2012 OF THE HONORABLE REGIONAL TRIAL COURT BRANCH 166 OF PASIG CITY IN RULING THAT THE PROVISIONS OF COMMONWEALTH ACT NO. 141 APPLIES AS ENCUMBRANCE OVER THE SUBJECT PARCEL OF LAND OF PETITIONER.

x x x x

3. THE HONORABLE COURT OF APPEALS SERIOUSLY/GRAVELY COMMITTED AN ERROR IN LAW AND WITH THE ESTABLISHED/ACCEPTED JURISPRUDENCE IN UPHOLDING AND SUSTAINING THE DECISION DATED 28 NOVEMBER 2012 OF THE HONORABLE REGIONAL TRIAL COURT BRANCH 166 OF PASIG CITY IN RULING THAT PETITIONER IS NOT ENTITLED TO BE PAID THE BALANCE OF JUST COMPENSATION IN THE AMOUNT OF TEN MILLION SEVEN HUNDRED EIGHTY-FIVE THOUSAND PESOS, (Php10,785,000.00) WITH LEGAL INTEREST COMMENCING FROM ACTUAL TAKING OF PROPERTY ON 14 AUGUST 1997 UNTIL FULLY PAID.

¹⁶ Id. at 143-144.



4. THE HONORABLE COURT OF APPEALS SERIOUSLY/GRAVELY COMMITTED AN ERROR IN LAW AND WITH THE ESTABLISHED/ACCEPTED JURISPRUDENCE IN UPHOLDING AND SUSTAINING THE DECISION DATED 28 NOVEMBER 2012 OF THE HONORABLE REGIONAL TRIAL COURT BRANCH 166 OF PASIG CITY IN RULING THAT THE PARTIAL PAYMENT MADE BY RESPONDENT IN THE AMOUNT OF ONE MILLION FOUR HUNDRED EIGHTY THOUSAND PESOS (Php1,480,000.00), BE RETURNED BY PETITIONER TO RESPONDENT.
5. ASSUMING WITHOUT ADMITTING AND FOR THE SAKE OF ARGUMENT THAT THE SUBJECT PARCEL OF LAND LAWFULLY OWNED BY PETITIONER IS SUBJECT TO THE PROVISIONS OF COMMONWEALTH ACT NO. 141 WITH THE SIXTY (6) METERS ENCUMBRANCE OF RIGHT OF WAY, PETITIONER SHOULD STILL BE ENTITLED TO THE DIFFERENCE OF ONE HUNDRED SIXTY-THREE SQUARE METERS, (163 sq.m.), OUT OF THE TWO HUNDRED TWENTY-THREE SQUARE METERS (223 sq.m.) TAKEN BY RESPONDENT FOR THE USE OF THE METRO MANILA SKYWAY PROJECT, TO WHICH JUST COMPENSATION THERETO MUST AND SHOULD BE PAID BY RESPONDENT TO PETITIONER.¹⁷


To simplify, the Court is faced with the same issues that confronted the CA, to wit:

1. Whether or not the subject property owned by petitioner is subject easement of right of way in favor of the government;
2. Whether or not respondents are liable to pay just compensation to petitioner; and
3. Whether or not petitioner should return the initial payment made by respondents in the amount of ₱1,480,000.

Petitioner maintains that RA 730 relaxed the mode of acquiring public land, from the strict method of public auction to the more lenient non-auction sale. Thus, petitioner postulates that the CA's interpretation of PD 2004—that only public lands sold without auction sale are covered by the decree's removal of encumbrance—would lead to a scenario wherein properties acquired through the more stringent process would be subjected to more restrictions than those acquired through the more relaxed means.¹⁸ Petitioner, therefore, submits that PD 2004 should be interpreted to cover all government sales of public land, with or without auction.

¹⁷ Id. at 47-48.

¹⁸ Id. at 55.



Furthermore, petitioner cites his constitutional right to just compensation in exchange for public property taken for public use.¹⁹ He laments that as early as August 14, 1997, respondents have deprived him of his ownership rights over more than half of his property for the development of the Metro Manila Skyway Project. For 19 years and counting, the government has been enjoying full use of 223 square meters of his parcel of land, all the while denying petitioner payment for just compensation, resulting in the violation of his constitutionally enshrined right.²⁰ Petitioner, therefore, prays that respondents be directed to pay the balance of ₱10,785,000 pursuant to the parties' covenant, plus legal interest.

In connection with the foregoing, petitioner asserts that he could not be held liable to return the initial payment made by respondents in the amount of ₱1,480,000. This amount, to petitioner, constitutes part and parcel of the just compensation he is legally entitled to for the government's use of his private property. Respondents' payment was then not tainted with illegality for which petitioner may be held liable for its return.

Assuming for the sake of argument that petitioner illegally obtained payment, petitioner claims that respondents are barred from recovering the same as they themselves are *in pari delicto*.²¹ Being the same parties who cajoled petitioner into parting with his property in the promise of being paid the appraised value and who did, in fact, make such payment, albeit partial, respondents could no longer recover what they have already paid. To sustain the CA's finding that petitioner ought to return the downpayment would be tantamount not only to allowing respondents to abscond liability for paying the balance, but also to virtually allowing the government to rob petitioner of his property through machinations.²²

Lastly, petitioner claims that in the alternative, even if the property awarded to him by the Bureau of Lands is subject to the easement under Sec. 112 of CA 141, he is still entitled to just compensation in the amount of ₱8,959,000, representing 163 sq.m. (223 sq.m. taken property less the 60 sq.m. easement) multiplied by the appraised value of the property of ₱55,000 per square meter. Deducting the initial payment made from the aggregate amount would leave respondents' total unpaid balance in the amount of ₱7,485,000, plus legal interest, as per petitioner's computation.²³

¹⁹ CONSTITUTION, Art. III, Sec. 9. Private property shall not be taken for public use without just compensation.

²⁰ *Rollo*, pp. 57-60; citing the expropriation cases of *Republic v. Lim*, G.R. No. 161656, June 29, 2005, 462 SCRA 265, *Republic v. Salem Investments Corporation*, G.R. No. 137569, June 23, 2000, 334 SCRA 320, *Heirs of Saguitan v. City of Mandaluyong*, G.R. No. 135087, March 14, 2000, 328 SCRA 137, *Landowners in the Philippines, Inc. v. Secretary of Agrarian Reform*, G.R. No. 78742, July 14, 1989, 175 SCRA 343, *Coscuella v. Court of Appeals*, No. L-77765, August 15, 1988, 164 SCRA 393, *Visayan Refining Co. v. Camus and Paredes*, 40 Phil. 550 (1919), *Manila Railroad v. Velasquez*, 32 Phil. 286 (1915).

²¹ *Id.* at 66-67.

²² *Id.* at 66-68.

²³ *Id.* at 69.

The Court's Ruling

The petition is partly meritorious.

The easement of right of way in favor of the government subsists despite the enactment of PD 2004

Resolving the first issue, the Court rejects petitioner's claim that the subject property is no longer subject to the 60-meter width easement of right of way in favor of the government.

First, no less than the Order of Award granting petitioner title over the subject property reads that the parcel of land conferred to him is subject to the restrictions contained under Sec. 109-114 of CA 141, which necessarily includes the easement provided in Sec. 112. Notably, petitioner was awarded the subject property in 1987, while PD 2004, which allegedly removed all encumbrances and restrictions from awarded properties, was signed into law much earlier in 1985. This alone raises suspicion on the applicability of PD 2004 to the subject property.

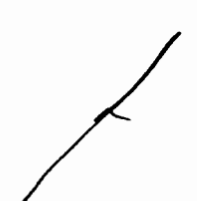
Second, the Court finds no reversible error in the RTC and CA's interpretation of the coverage of PD 2004 and RA 730. The title of RA 730 itself supports the rulings of the courts *a quo* that the laws petitioner relied upon only cover the sale of public lands for residential purposes and to qualified applicants **without public auction**. To quote:

REPUBLIC ACT NO. 730 – AN ACT TO PERMIT THE SALE **WITHOUT PUBLIC AUCTION** OF PUBLIC LANDS OF THE REPUBLIC OF THE PHILIPPINES FOR RESIDENTIAL PURPOSES TO QUALIFIED APPLICANTS UNDER CERTAIN CONDITIONS (emphasis added)

It can readily be inferred from the title of RA 730 that the definite ambit of the law could not be extended to sales of public lands via public auction, through which mode of disposition petitioner acquired the subject property. Consequently, when RA 730 was amended by PD 2004 to the effect of removing encumbrances and restrictions on purchased properties without public auction, petitioner could not have benefitted from the same.

Lastly, even the contents of RA 730 belie petitioners claim. The foremost section of the law reads:

Section 1. **Notwithstanding the provisions of sections sixty-one and sixty-seven of Commonwealth Act Numbered One hundred forty-one**, as amended by Republic Act Numbered Two hundred ninety-three, any Filipino citizen of legal age who is not the owner of a home lot in the municipality or city in which he resides and who has in good faith established his residence on a parcel of the public land of the Republic of the Philippines which is not needed for the public service, shall be given



preference to purchase at a private sale of which reasonable notice shall be given to him not more than one thousand square meters at a price to be fixed by the Director of Lands with the approval of the Secretary of Agriculture and Natural Resources. It shall be an essential condition of this sale that the occupants has constructed his house on the land and actually resided therein. Ten per cent of the purchase price shall be paid upon the approval of the sale and the balance may be paid in full, or in ten equal annual installments. (emphasis added)

As can be gleaned, RA 730 was crafted as an exception to Secs. 61²⁴ and 67²⁵ of CA 141. These provisions govern the mode of disposition of the alienable public lands enumerated under Sec. 59 of the same law.²⁶ Synthesizing the provisions, CA 141 provides that public lands under Sec. 59 can only be disposed for residential, commercial, industrial, and other similar purposes through lease or sale, in both cases, "*to the highest bidder.*" The conduct of an auction is then required under Secs. 61 and 67.

By way of exception, however, RA 730 now allows the sale of public lands **without public auction** to qualified applicants.²⁷ It is through this exceptional case of purchase of public land without public auction wherein PD 2004 would apply.

Petitioner's assertion that both sales of public land with and without public auction are subsumed under the coverage of PD 2004 is contrary to the very tenor of the law. Sec. 2 of RA 730, as amended by PD 2004, is clear and unambiguous:

SEC. 2. Lands acquired under the provisions of this Act shall not be subject to any restrictions against encumbrance or alienation before and after the issuance of the patents thereon. (emphasis added)

Under its plain meaning, only public lands acquired by qualified applicants without public auction and for residential purposes are free from any restrictions against encumbrance or alienation. The provision is

²⁴ **SECTION 61.** The lands comprised in classes (a), (b), and (c) of section fifty-nine shall be **disposed of to private parties by lease only** and not otherwise, as soon as the President, upon recommendation by the Secretary of Agriculture and Commerce, shall declare that the same are not necessary for the public service and are open to disposition under this chapter. The lands included in class (d) **may be disposed of by sale or lease under the provisions of this Act.** (emphasis added)

²⁵ **SECTION 67.** **The lease or sale shall be made through oral bidding; and adjudication shall be made to the highest bidder.** However, where an applicant has made improvements on the land by virtue of a permit issued to him by competent authority, the sale or lease shall be made by sealed bidding as prescribed in section twenty-six of this Act, the provisions of which shall be applied wherever applicable. If all or part of the lots remain unleased or unsold, the Director of Lands shall from time to time announce in the Official Gazette or in any other newspapers of general circulation, the lease or sale of those lots, if necessary. (emphasis added)

²⁶ **SECTION 59.** The lands disposable under this title shall be classified as follows:

(a) Lands reclaimed by the Government by dredging, filing, or other means;

(b) Foreshore;

(c) Marshy lands or lands covered with water bordering upon the shores or banks of navigable lakes or rivers;

(d) Lands not included in any of the foregoing classes.

²⁷ RA 730, Sec. 1.

inapplicable to petitioner's property which was awarded to petitioner not in accordance with RA 730, but through public auction.

What is more, the easement of right of way under Sec. 112 of CA 141 is not subsumed in the phrase "*restrictions against encumbrance or alienation*" appearing in the amendment introduced by PD 2004. This becomes obvious upon examining the original text of Sec. 2 of RA 730, before PD 2004 took effect:

Sec. 2. Except in favor of the Government or any of its branches, units, or institutions, lands acquired under the provisions of this act shall not be subject to encumbrance or alienation before the patent is issued and for a term of ten years from the date of the issuance of such patent, nor shall they become liable to the satisfaction of any debt contracted prior to the expiration of the said period. No transfer or alienation made after the said period of ten years and within fifteen years from the issuance of such patent except those made by virtue of the right of succession shall be valid unless when duly authorized by the Secretary of Agriculture and Natural Resources and the transferee of vendee is a Filipino citizen. Every conveyance made shall be subject to repurchase by the original purchaser or his legal heirs within a period of five years from the date of conveyance.

Any contract or agreement made or executed in violation of this section shall be void *ab initio*.

Consequently, it was erroneous for petitioner to harp on Sec. 2 of RA 730, as amended by PD 2004, in his bid to unshackle his property from its servient state, to release it from the statutory lien prescribed under Sec. 112 of CA 141.

Petitioner is not entitled to just compensation

The Court now determines how the subsisting easement of right of way in favor of the government bears on petitioner's entitlement to just compensation. In resolving petitioner's principal claim, we apply the doctrine in *Republic v. Andaya (Andaya)*.²⁸

The seminal case of *Andaya* likewise involved property subject to the statutory lien under Sec. 112 of CA 141. As held in the case:

It is undisputed that there is a legal easement of right-of-way in favor of the Republic. *Andaya's* transfer certificates of title contained the reservation that the lands covered thereby are subject to the provisions of the Land Registration Act and the Public Land Act. Section 112 of the Public Land Act provides that lands granted by patent shall be **subject to a right-of-way not exceeding 60 meters in width for public highways, irrigation ditches, aqueducts, and other similar works of the government or any public enterprise, free of charge, except only for the value of the improvements** existing thereon that may be affected. In view of this, the

²⁸ G.R. No. 160656, June 15, 2007, 524 SCRA 671.

Court of Appeals declared that **all the Republic needs to do is to enforce such right without having to initiate expropriation proceedings and without having to pay any just compensation.** Hence, the Republic may appropriate the 701 square meters necessary for the construction of the floodwalls without paying for it.²⁹ (emphasis added)

The Court affirmed the CA's interpretation of Sec. 112 of CA 141 and ruled that the Republic was under no obligation to pay therein respondent Andaya just compensation in enforcing its right of way. Be that as it may, the Court did not foreclose the possibility of the property owner being entitled to just compensation if the enforcement of the right of way resulted in the "taking" of the portions **not** subject to the legal easement.

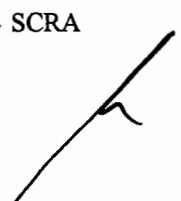
Jurisprudence teaches us that "taking," in the exercise of the power of eminent domain, "occurs not only when the government actually deprives or dispossesses the property owner of his property or of its ordinary use, but also when there is a practical destruction or material impairment of the value of his property."³⁰ As in *Andaya*, even though the Republic was not legally bound to pay just compensation for enforcing its right of way, the Court nevertheless found that its project to be undertaken—the construction of floodwalls for Phase 1, Stage 1 of the Lower Agusan Development Project—would prevent ingress and egress in Andaya's private property and turn it into a catch basin for the floodwaters coming from the Agusan River, effectively depriving him of the normal use of the remainder of his property. To the mind of the Court, this resulted in a "taking" of what was left of Andaya's property, entitling him to consequential damages, awarded by the Court in the form of just compensation.

To demonstrate in concrete terms, the property involved in *Andaya* contained a total area of 10,380 square meters, which can be divided in the following manner:

- i. The 4,443 square meter portion subject to the easement of right of way, which can further be subdivided into two:
 - a. The 701 square meter portion corresponding to total area of the 10-meter easement actually utilized by the Republic; and
 - b. The 3,742 square meter portion corresponding to the unutilized area of the portion subject to the 60-meter width easement; and
- ii. The remainder 5,937 square meter portion not subject to the government's easement of right of way.

²⁹ *Id.* at 675-676.

³⁰ *Id.* at 676; citing *Republic v. Court of Appeals*, G.R. No. 147245, March 31, 2005, 454 SCRA 516, 536 and *Ansaldo v. Tantuico, Jr.*, G.R. No. 50147, August 3, 1990, 188 SCRA 300, 304.



The 701 square meter easement in *Andaya* was the site for the floodwall project. This was the extent of the right of way enforced by the government. The Court affirmed the CA ruling that the Republic may acquire the 701 square meter property free of charge, save only for the value of the improvements that may be affected.

As previously discussed, the floodwall project on the 701 square meter property would have deprived Andaya of the normal use of the remainder, i.e., both the 3,742 and the 5,937 square meter residual portions. But of the two, the Court held that Andaya is entitled to just compensation only for the 5,937 square meter span. The Court ratiocinated that though unutilized, the 3,742 square meter portion is still covered by Sec. 112 of CA 141 that limits the property owner's compensation to the value of the improvements, not of the value of the property per se.


To recapitulate, two elements must concur before the property owner will be entitled to just compensation for the remaining property under Sec. 112 of CA 141: (1) that the remainder is not subject to the statutory lien of right of way; and (2) that the enforcement of the right of way results in the practical destruction or material impairment of the value of the remaining property, or in the property owner being dispossessed or otherwise deprived of the normal use of the said remainder.

This doctrine in *Andaya* was reiterated in the recent *Republic v. Regulto*.³¹ We now apply the same parameters for determining petitioner's entitlement to just compensation in the case at bar.

Recall that the subject property in this case is a 400 square meter parcel of land. The 223 square meter portion of the subject property was traversed by respondents' Metro Manila Skyway Project. And as noted by the CA, the subdivision plan shows that the covered area corresponds to the widths of 13.92 meters and 13.99 meters, well within the 60-meter width threshold provided by law. Respondents are then not under any legal obligation to pay just compensation for utilizing the 223 square meter portion pursuant to the Republic's right of way under Sec. 112 of CA 141, and in accordance with our ruling in *Andaya*.

Anent the remaining 177 square meters of the 400 square meter lot, suffice it to state that it was never proved that the said area was not subject to the statutory lien. Neither was it established that despite not having been utilized for the Metro Manila Skyway Project, the enforcement of the easement resulted in the "taking" of the remaining property all the same. There is then no evidentiary basis for awarding petitioner just compensation, as correctly ruled by the RTC and the CA. However, petitioner remains the owner of the said 177 square meters and can fully exercise all the rights of ownership over the same.

³¹ G.R. No. 202051, April 18, 2016, 790 SCRA 1.



Respondents are barred by estoppel from recovering the initial payment of ₱1,480,000 from petitioner

Guilty of reiteration, Sec. 112 of CA 141 precludes petitioner from claiming just compensation for the government's enforcement of its right of way. The contract allegedly entered by the parties for the government's acquisition of the affected portion of the property in exchange for just compensation is then void *ab initio* for being contrary to law.³² Consequently, petitioner has no right to collect just compensation for the government's use of the 223 square meter lot. Anent the ₱1,480,000 partial payment already made by respondents, such amount paid shall be governed by the provisions on *solutio indebiti* or unjust enrichment.

"*Solutio indebiti*" arises when something is delivered through mistake to a person who has no right to demand it. It obligates the latter to return what has been received through mistake. As defined in Article 2154 of the Civil Code,³³ the concept has two indispensable requisites: *first*, that something has been unduly delivered through mistake; and *second*, that something was received when there was no right to demand it.³⁴

As discussed above, petitioner was never entitled to collect and receive just compensation for the government's enforcement of its right of way, including the ₱1,480,000 payment made by respondents. For its part, the government erroneously made payment to petitioner because of its failure to discover earlier on that the portion of the property acquired was subject to a statutory lien in its favor, which it could have easily learned of upon perusal of petitioner's Order of Award. These circumstances satisfy the requirements for *solutio indebiti* to apply.

Regardless, respondents' action to compel petitioner to return what was mistakenly delivered is now barred by the doctrine of estoppel. The doctrine is based upon the grounds of public policy, fair dealing, good faith and justice, and its purpose is to forbid one to speak against his own act, representations, or commitments to the injury of one to whom they were directed and who reasonably relied thereon. The doctrine of estoppel springs from equitable principles and the equities in the case.³⁵

As a general rule, the State cannot be barred by estoppel by the mistakes or errors of its officials or agents. But as jurisprudence elucidates, the doctrine is subject to exceptions, viz:

³² **Article 1409.** The following contracts are inexistent and void from the beginning:

(1) Those whose cause, object or purpose is contrary to law, morals, good customs, public order or public policy.

³³ **Article 2154.** If something is received when there is no right to demand it, and it was unduly delivered through mistake, the obligation to return it arises.

³⁴ *Metropolitan Bank & Trust Company v. Absolute Management Corporation*, G.R. No. 170498, January 9, 2013, 688 SCRA 225, 238.


³⁵ *Megan Sugar Corporation v. Regional Trial Court of Iloilo, Branch 68, Dumangas, Iloilo*, G.R. No. 170352, June 1, 2011, 650 SCRA 100, 110.

Estoppels against the public are little favored. They should not be invoked except [in rare] and unusual circumstances, and may not be invoked where they would operate to defeat the effective operation of a policy adopted to protect the public. They must be applied with circumspection and should be applied only in those special cases where the interests of justice clearly require it. **Nevertheless, the government must not be allowed to deal dishonorably or capriciously with its citizens, and must not play an ignoble part or do a shabby thing; and subject to limitations . . .**, the doctrine of equitable estoppel may be invoked against public authorities as well as against private individuals.³⁶

In this case, petitioner was erroneously paid ₱1,480,000 on August 14, 1997 when respondents appropriated the amount in his favor. However, because of respondents' representation that the amount was a mere downpayment for just compensation, petitioner never objected to the taking of his land and peacefully parted with his property, expecting to be paid in full for the value of the taken property thereafter. As the events unfolded, respondents did not make good their guarantee. Instead, they would claim for the recovery of the wrongful payment after almost twelve (12) years, on July 9, 2009, as a counterclaim in their Supplemental Answer. Indubitably, respondents are barred by estoppel from recovering from petitioner the amount initially paid. A modification of the assailed CA ruling is, therefore, in order.

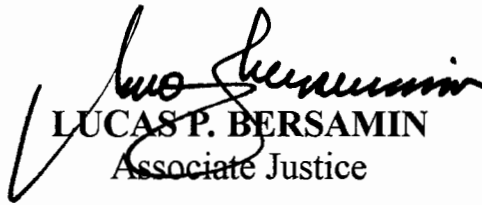
WHEREFORE, premises considered, the Court resolves to **PARTIALLY GRANT** the petition. The award to respondents for the recovery of the ₱1,480,000 initial payment is hereby **DELETED** as their right to a refund has already prescribed. Petitioner Danilo Bartolata remains the owner of the 177 square meter portion and can exercise all rights of ownership over the said lot.


SO ORDERED.



PRESBITERO J. VELASCO, JR.
Associate Justice

³⁶ *Republic v. Court of Appeals*, G.R. No. 116111, January 21, 1999, 301 SCRA 366, 377; citing 31 CJS 675-676.

WE CONCUR:


LUCAS P. BERSAMIN
 Associate Justice



BIENVENIDO L. REYES
 Associate Justice


ESTELA M. PERLAS-BERNABE
 Associate Justice


NOEL GIMENEZ TIJAM
 Associate Justice

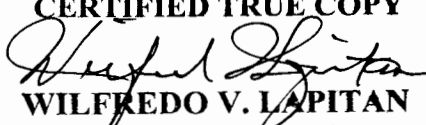
ATTESTATION


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

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.

CERTIFIED TRUE COPY

WILFREDO V. LAPITAN
 Division Clerk of Court
 Third Division
 JUL 19 2017


MARIA LOURDES P. A. SERENO
 Chief Justice

