



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

LAND BANK OF THE
PHILIPPINES,

Petitioner,

G.R. No. 214902

Present:

LEONEN, J.,
Chairperson,
GISMUNDO,
CARANDANG,
ZALAMEDA, and
GAERLAN, JJ.

- versus -

HEIRS OF BARTOLOME J.
SANCHEZ,

Respondents.

Promulgated:

January 22, 2020

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DECISION

CARANDANG, J.:

Before this Court is a Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court (Rules), assailing the Decision² dated September 16, 2014 of the Court of Appeals (CA) in CA-G.R. SP No. 03926-MIN, filed by petitioner Land Bank of the Philippines (LBP).

Antecedents

The Department of Agrarian Reform (DAR) placed a parcel of land consisting of 42.046 hectares, owned by respondents Heirs of Bartolome J. Sanchez (Heirs of Sanchez) under the coverage of Republic Act No. 6657, otherwise known as the "Comprehensive Agrarian Reform Law." The property was valued at ₱623,725.35, which the Heirs of Sanchez found unreasonable.³ Hence, in 2002, the Heirs of Sanchez filed a complaint for the

¹ *Rollo*, pp. 26-49.

² Penned by Associate Justice Edgardo A. Camello, with Associate Justices Henri Jean Paul B. Inting (now a Member of this Court) and Pablito A. Perez, concurring; *id.* at 55-61.

³ *Id.* at 165.

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determination of just compensation in the Regional Trial Court (RTC) sitting as a Special Agrarian Court (SAC).

During pre-trial the parties agreed to appoint commissioners for the valuation of the property.⁴ Thereafter, the appointed commissioners manifested their request for the full payment of their fees in the amount of ₱120,000.00.⁵

Ruling of the Special Agrarian Court

On December 15, 2009, the SAC issued its Order,⁶ the dispositive portion of which reads:

IN VIEW THEREOF, the foregoing manifestation is hereby noted. The defendants in the above-captioned case are hereby directed to deposit with the office of the Clerk of Court-RTC, Butuan City the following amount, to wit:

1. Chairman - Board of Commissioners	- ₱ 40,000.00
2. Member - do -	- ₱ 30,000.00
3. Member - do -	- ₱ 30,000.00
4. Technical Assistant - do -	- ₱ 10,000.00
5. Secretary-Encoder - do -	- ₱ 10,000.00

TOTAL	₱120,000.00

Thereafter, the above-mentioned amount may be withdrawn only by the persons concerned upon order of this Court.

SO ORDERED.⁷ (Emphasis in the original)

LBP filed a Motion for Reconsideration,⁸ which was denied in a Resolution⁹ dated September 9, 2010.¹⁰ LBP filed a petition for *certiorari* in the CA.

Ruling of the Court of Appeals

The CA issued its Decision¹¹ dated September 16, 2014, the dispositive portion of which reads:

FOR THESE REASONS, the petition for certiorari is DENIED. The assailed Order and Resolution are sustained as to the award of commissioners' fees, but the respondent court is DIRECTED to make a detailed computation of the commissioners' fees based on the time actually and

⁴ Id. at 166.
⁵ Id. at 124.
⁶ Penned by Presiding Judge Augustus L. Calo; id. at 123-124.
⁷ Id. at 124.
⁸ Id. at 125-129.
⁹ Penned by Presiding Judge Augustus L. Calo; id. at 130-131.
¹⁰ Id. at 131.
¹¹ Supra note 2.



necessarily employed by each of the commissioners in the performance of their duties, consistent with Rule 141, Section 16 of the Rules of Court.

SO ORDERED.¹²

In denying LBP's petition for *certiorari*, the CA held that it failed to substantiate that there was grave abuse of discretion on the part of the SAC in ordering the payment of commissioners' fees.¹³ The CA found that the issues raised by LBP do not involve errors of jurisdiction but merely errors in judgment that cannot be corrected by *certiorari*.¹⁴ The CA pointed out that the "plaintiff" referred to in Section 12 of Rule 67 of the Rules, who shall shoulder the costs of the suit, including commissioners' fees, is the DAR, through LBP.¹⁵

In directing the SAC to compute the commissioners' fees based on the time actually and necessarily employed by each commissioner, the CA explained that this is best resolved by the SAC after reception of evidence on the matter.¹⁶

In the present petition, LBP maintains that it is exempt from paying legal fees, including commissioners' fees, in connection with a suit relating to its governmental functions.¹⁷ Furthermore, granting that LBP is liable to pay commissioners' fees, LBP claims that the imposition of ₱120,000.00 as commissioners' fees has no factual and legal justification.¹⁸ LBP alleges that there has been no actual and necessary performance of commissioners' duties to justify the payment as the case is still in the trial stage, and there has been no determination of just compensation of the property yet.¹⁹

In their Comment,²⁰ the Heirs of Sanchez submit that LBP cannot be exempted from payment of commissioners' fees. Invoking the Pre-Trial Order²¹ dated December 8, 2004 of the RTC, they insist that both parties agreed to refer the matter of land valuation to independent commissioners. They also aver that the amount of ₱120,000.00 is fair and just, considering the scope and complexity of the job of commissioners.²²

Issues

(1) Whether LBP, in the exercise of its governmental functions as a financial intermediary of the agrarian reform program of the government, is exempt from paying commissioners' fees; and

¹² *Rollo*, pp. 60-61.
¹³ *Id.* at 57.
¹⁴ *Id.* at 59-60.
¹⁵ *Id.* at 58.
¹⁶ *Id.* at 60-61.
¹⁷ *Id.* at 34-43.
¹⁸ *Id.* at 43-44.
¹⁹ *Id.* at 44.
²⁰ *Id.* at 145-147.
²¹ *Id.* at 112-113.
²² *Id.* at 146.

(2) Assuming arguendo that LBP is liable to pay commissioners' fees, whether the amount of ₱120,000.00 is legally justified.

Our Ruling

Petitioner LBP is exempt from paying commissioners' fees.

The role of LBP in agrarian reform is more than just the ministerial duty of keeping and disbursing the Agrarian Reform Funds. LBP is also primarily responsible for the valuation and determination of just compensation.²³ In the case of *Land Bank of the Philippines v. Gonzales*²⁴ and *Land Bank of the Philippines v. Ibarra*,²⁵ We ruled that LBP is exempt from paying the costs of the suit pursuant to Section 1, Rule 142 of the Rules, since it is an instrumentality performing a governmental function in agrarian reform proceedings charged with the disbursement of public funds. Recently, in the case of *Land Bank of the Philippines v. Baldoza*,²⁶ We reiterated that since LBP is performing a governmental function in an agrarian reform proceeding, it is exempt from payment of costs of suit, including commissioners' fees, as it is considered part of costs of suit.²⁷

Section 12, Rule 67 of the Rules states:

Sec. 12. *Costs, by whom paid.* – The fees of the commissioners shall be taxed as a part of the costs of the proceedings. All costs, except those of rival claimants litigating their claims, shall be paid by the plaintiff, unless an appeal is taken by the owner of the property and the judgment is affirmed, in which event the costs of the appeal shall be paid by the owner.

It must also be pointed out that the conclusion of the CA that the “plaintiff” referred to in Section 12 of Rule 67 of the Rules is the DAR, through LBP, is erroneous.

In the case of *Land Bank of the Philippines v. Baldoza*,²⁸ the Court explained that it is the Republic of the Philippines (Republic), which is referred to as the “plaintiff” for it initiates complaints for eminent domain. The complaint is filed by the Republic to determine the propriety of the exercise of the power of eminent domain in the context of the facts involved in the suit. After determining the right of the Republic to exercise the power, determination of just compensation shall proceed.²⁹ However, the Court pointed out that:

x x x [I]n agrarian expropriation cases, the owner of the

²³ *Land Bank of the Philippines v. Rivera*, 649 Phil. 575, 589 (2010).

²⁴ 711 Phil. 98 (2013).

²⁵ 747 Phil. 691 (2014).

²⁶ G.R. No. 221571, July 29, 2019.

²⁷ Id.

²⁸ Id.

²⁹ Id.



property may voluntarily offer to sell his land as sanctioned in DAR A.O. No. 03, series of 1989. Appropriately, **the initial case filed with the RTC-SAC** is not for the determination of the propriety of the exercise of the power of eminent domain, but **for the resolution of the proper valuation of the property if the landowner disagrees with the findings of the DAR[.]**³⁰ (Emphasis supplied.)

In this case, the “plaintiff,” who initiated the complaint for the determination of just compensation, is not the Republic, but the Heirs of Sanchez, who found the valuation of the property made by DAR unacceptable. Therefore, even applying Section 12, Rule 67 of the Rules to the agrarian reform proceeding, the conclusion remains the same. LBP is not liable to pay commissioners’ fees.

It is premature to declare the amount of ₱120,000.00 commissioners’ fees legally justified.

Section 16, Rule 141 of the Rules states:

Sec. 16. Fees of commissioners in eminent domain proceedings. – The commissioners appointed to appraise land sought to be condemned for public uses in accordance with these rules shall each receive a compensation to be fixed by the court of NOT LESS THAN [THREE HUNDRED] (₱300.00) [PESOS] per day **for the time actually and necessarily employed in the performance of their duties and in making their report to the court**, which fees shall be taxed as a part of the costs of the proceedings. (Emphasis supplied.)

In this case, a declaration that the amount of ₱120,000.00 commissioners’ fees is legally justified, at this stage of the proceedings, would be premature, and requires the remand of the case to the SAC. As pointed out by LBP, the case is still in the trial stage. Moreover, the commissioners have not submitted their report up to now, since the other commissioners have not taken their oath yet. The proper amount of commissioners’ fees to be paid by the Heirs of Sanchez must be based on time actually spent by the commissioners in performing their duties and in making their report, as stated in Section 16, Rule 141 of the Rules.

Accordingly, We disagree with the ruling of the CA ordering LBP to pay for the commissioners’ fees. Nevertheless, We find that the CA correctly directed the SAC to make a detailed computation of the commissioners’ fees based on the time actually and necessarily devoted by the commissioners in the performance of their duties, consistent with Section 16, Rule 141 of the Rules.

³⁰ Id.

WHEREFORE, the Decision dated September 16, 2014 of the Court of Appeals in CA-G.R. SP No. 03926-MIN pertaining to the liability of petitioner Land Bank of the Philippines to pay commissioners' fees is **SET ASIDE**.

Respondents Heirs of Bartolome J. Sanchez are **DECLARED** liable to pay commissioners' fees.

The case is **REMANDED** to the Regional Trial Court of Butuan City, Branch 5, sitting as a Special Agrarian Court, for the determination of commissioners' fees strictly in accordance with Section 12, Rule 67 and Section 16, Rule 141 of the Rules of Court.

SO ORDERED.


ROSMARI D. CARANDANG
Associate Justice

WE CONCUR:


MARVICMARIO VICTOR F. LEONEN
Associate Justice
Chairperson


ALEXANDER G. GESMUNDO
Associate Justice


RODIL V. ZALAMEDA
Associate Justice


SAMUEL H. GAERLAN
Associate Justice

A T T E S T A T I O N

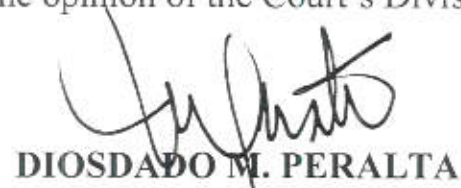
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARVIC MARIO VICTOR F. LEONEN
Associate Justice
Chairperson, Third Division

C E R T I F I C A T I O N

Pursuant to Section 13, Article VIII of the Constitution, 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.



DIOSDADO M. PERALTA
Chief Justice