



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

CITY OF CEBU,

Petitioner,

G.R. No. 172852

Present:

SERENO, C.J.,

Chairperson,

LEONARDO-DE CASTRO,

BERSAMIN,

VILLARAMA, JR., and

REYES, JJ.

- versus -

Promulgated:

APOLONIO M. DEDAMO, JR.,

Respondent.

JAN 30 2013

X-----X

RESOLUTION

REYES, J.:

This is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court seeking to annul and set aside the Decision¹ dated November 30, 2005 of the Court of Appeals (CA) ordering petitioner City of Cebu (petitioner) to pay twelve percent (12%) legal interest *per annum* on the unpaid balance of the just compensation paid to respondent Apolonio Dedamo, Jr. (respondent). Likewise assailed is the Resolution² dated May 9, 2006 denying reconsideration.

¹ Penned by Associate Justice Pampio A. Abarintos, with Associate Justices Mercedes Gozo-Dadole and Enrico A. Lanzas, concurring; *rollo*, pp. 30-40.

² Id. at 42-43.

The ensuing facts are not disputed.³

The present controversy is an off-shoot of Civil Case No. CEB-14632 for eminent domain over two (2) parcels of land owned by spouses Apolonio and Blasa Dedamo (Spouses Dedamo), filed by the petitioner before the Regional Trial Court (RTC) of Cebu City, Branch 13, on September 17, 1993. The petitioner immediately took possession of the lots after depositing ₱51,156.00 with the Philippine National Bank pursuant to Section 19 of Republic Act No. 7160.⁴

During the pendency of the case, or on December 14, 1994, the petitioner and Spouses Dedamo entered into a Compromise Agreement whereby the latter agreed to part with the ownership of the parcels of land in favor of the former in consideration of ONE MILLION SEVEN HUNDRED EIGHTY-SIX THOUSAND FOUR HUNDRED PESOS (₱1,786,400.00) as provisional payment and just compensation in an amount to be determined by a panel of commissioners.

Forthwith, the panel was constituted and a report was submitted to the RTC recommending the sum of ₱20,826,339.50 as just compensation. The report was adopted and approved by the RTC in its Order dated December 27, 1996.⁵

The RTC Order was affirmed by the CA and then by the Court, in a Decision dated May 7, 2002, when the matter was elevated for review in a petition docketed as G.R. No. 142971.

When the said decision became final and executory on September 20, 2002, the case was remanded for execution to the RTC, before which, a motion for the issuance of a writ of execution was filed by Spouses Dedamo on April 4, 2003. On May 16, 2003, the RTC granted the motion and ordered the issuance of the writ.

³ As culled from the Court's May 7, 2002 judgment in G.R. No. 142971 entitled *The City of Cebu v. Spouses Apolonio and Blasa Dedamo* and from the herein assailed CA Decision dated November 30, 2005; id. at 30-40.

⁴ **Sec. 19. Eminent Domain.** – A local government unit may, through its chief executive and acting pursuant to an ordinance, exercise the power of eminent domain for public use, or purpose or welfare for the benefit of the poor and the landless, upon payment of just compensation, pursuant to the provisions of the Constitution and pertinent laws: Provided, however, That the power of eminent domain may not be exercised unless a valid and definite offer has been previously made to the owner, and such offer was not accepted: Provided, further, That the local government unit may immediately take possession of the property upon the filing of the expropriation proceedings and upon making a deposit with the proper court of at least fifteen percent (15%) of the fair market value of the property based on the current tax declaration of the property to be expropriated: Provided, finally, That, the amount to be paid for the expropriated property shall be determined by the proper court, based on the fair market value at the time of the taking of the property.

⁵ The initial recommendation of the panel was ₱24,865,930.00 but the same was later on amended to ₱20,826,339.50.

In the meantime, Spouses Dedamo passed away and they were substituted in the case by herein respondent.

On December 23, 2003, the petitioner paid the respondent the sum of ₱19,039,939.50 which is the difference between the just compensation due and the provisional payment already made.

On March 24, 2004, the respondent filed a *Manifestation and Motion* before the RTC to order the petitioner to pay interest on the just compensation computed from the time of actual taking of the lands.

On April 30, 2004, the RTC denied the motion and ruled that it can no longer amend a final and executory judgment that did not specifically direct the payment of legal interest. Adamant, the respondent sought recourse before the CA asserting that the petitioner is liable to pay: (a) 12% legal interest on the unpaid balance of the just compensation computed from the time of actual taking of the property up to the date of payment of just compensation; and (b) 12% legal interest from the time the decision awarding just compensation became final and executory on September 20, 2002 until its satisfaction on December 23, 2003.

The Ruling of the CA

In its Decision dated November 30, 2005, the CA rejected the respondent's first claim since the issue was belatedly raised during the execution stage and after the judgment of just compensation attained finality.

Nonetheless, the CA found the respondent's second contention meritorious. The CA awarded legal interest accruing from the time the RTC Order dated December 27, 1996 awarding just compensation was affirmed with finality by the Supreme Court up to the time of full payment thereof in line with the ruling in *Eastern Shipping Lines, Inc. v. Court of Appeals*⁶ that when a court judgment awarding a sum of money becomes final and executory, it shall earn legal interest of 12% *per annum* reckoned from such finality until satisfaction.

Accordingly, the decretal portion of the decision reads:

⁶

G.R. No. 97412, July 12, 1994, 234 SCRA 78.

WHEREFORE, in view of the foregoing, the instant petition is partially GRANTED in that the resolution dated April 30, 2004 is MODIFIED to GRANT payment of legal interest of 12% per annum reckoned from the date of finality of the decision of the Supreme Court on May 2, 2002 up to the time full payment for the just compensation shall have been made.

No pronouncement as to cost.

SO ORDERED.⁷

The CA effectively reiterated the above decision when it denied⁸ the petitioner's motion for reconsideration thereof. Both parties elevated the CA judgment to the Court. The respondent's petition was docketed as G.R. No. 172942 where he sought, in the main, that the 12% interest rate be reckoned from the date of taking of the property and not from the date of finality of the Decision dated May 7, 2002 in G.R. No. 142971. The Court denied his petition on August 22, 2006 for failure to sufficiently show that the CA committed any reversible error in the questioned judgment. The respondent's motion for reconsideration of the said decision was denied with finality on November 27, 2006.⁹

At bar is the recourse interposed by the petitioner wherein he seeks the setting aside of the same CA Decision dated November 30, 2005.

On October 20, 2006, the respondent moved for the consolidation of the present petition with G.R. No. 172942.¹⁰ The motion was denied in view of the prior denial of G.R. No. 172942 on August 22, 2006.¹¹

In the case at bar, the petitioner prays for the annulment of the award of 12% legal interest made by the CA in view of the termination of the eminent domain case upon payment of the just compensation in satisfaction of the writ of execution. The petitioner further asserts that the final judgment in Civil Case No. CEB-14632 which did not explicitly pronounce the payment of interest can no longer be modified lest the basic principles of remedial law be defiled.¹²

For his part, the respondent avers¹³ that Section 10, Rule 67 of the Rules of Court mandating the payment of legal interest on just compensation forms part of every judgment rendered in eminent domain cases even if the

⁷ *Rollo*, p. 37.

⁸ *Id.* at 42-43.

⁹ *Id.* at 113.

¹⁰ *Id.* at 96-97.

¹¹ *Id.* at 114.

¹² *Id.* at 13-28.

¹³ *Id.* at 49-89.

same was not directly ordered therein.

The respondent also claims that the award of just compensation must be reckoned from the date of taking of subject lots and not from the date of finality of G.R. No. 142971 because just compensation, before it is paid, constitutes loan or forbearance of money that entails the imposition of a 12% interest *per annum*.

Ruling of the Court

The petition is denied on the ground of *res judicata* in the mode of conclusiveness of judgment.

A perusal of the allegations in the present case evidently shows that the petitioner broaches the issues similarly raised and already resolved in G.R. No. 172942.

Under the principle of conclusiveness of judgment, when a right or fact has been judicially tried and determined by a court of competent jurisdiction, or when an opportunity for such trial has been given, the judgment of the court, as long as it remains unreversed, should be conclusive upon the parties and those in privity with them.¹⁴ Stated differently, conclusiveness of judgment bars the re-litigation in a second case of a fact or question already settled in a previous case.¹⁵

The adjudication in G.R. No. 172942 has become binding and conclusive on the petitioner who can no longer question the respondent's entitlement to the 12% legal interest awarded by the CA. The Court's determination in G.R. No. 172942 on the reckoning point of the 12% legal interest is likewise binding on the petitioner who cannot re-litigate the said matter anew through the present recourse.

Thus, the judgment in G.R. No. 172942 bars the present case as the relief sought in the latter is inextricably related to the ruling in the former.

WHEREFORE, premises considered, the Petition is hereby **DENIED.**


¹⁴ *Noceda v. Arbizo-Directo*, G.R. No. 178495, July 26, 2010, 625 SCRA 472, 480.

¹⁵ *Layos v. Fil-Estate Golf and Development, Inc.*, G.R. No. 150470, August 6, 2008, 561 SCRA 75, 106.

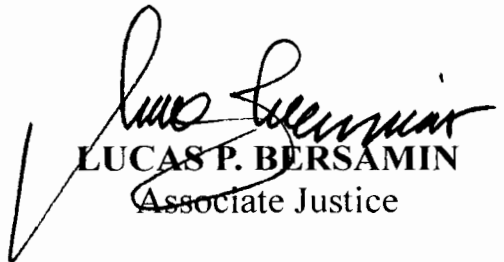
SO ORDERED.

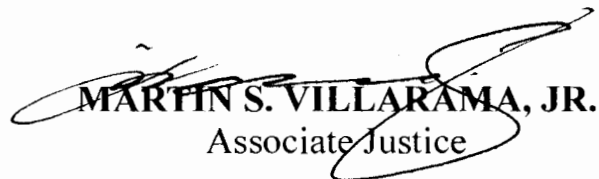

BIENVENIDO L. REYES
Associate Justice

WE CONCUR:


MARIA LOURDES P. A. SERENO
Chief Justice
Chairperson



TERESITA J. LEONARDO-DE CASTRO
Associate Justice


LUCAS P. BERSAMIN
Associate Justice


MARTIN S. VILLARAMA, JR.
Associate Justice

CERTIFICATION

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


MARIA LOURDES P. A. SERENO
Chief Justice