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**SECOND DIVISION**

[G.R. No. 165386. July 29, 2013]

**NATIONAL POWER CORPORATION,** *petitioner, vs.* **SPOUSES SALVADOR and NENITA CRUZ, SPOUSES EDMUNDO and MERLA BARZAGA, SPOUSES CRISANTO and JULIETA DELA CRUZ, SPOUSES LORENZO and ROSALINA PALAGANAS, SPOUSES RICARDO and LOLITA SAGUID, SPOUSES CARMELITA and RESTITUTO ALCID, HIPOLITA NASALGA, CRISELDA and REDENTOR REYES, ILUMINADA ALIPIO, REYNALDO ALIPIO, CORAZON PELAYO, SPOUSES ROLANDO and FELICIDAD BOANGUIS, SPOUSES JOSELITO and CAROLINE MENDOZA, SPOUSES ERLINDA and CELSO DE GUZMAN, SPOUSES MIGUEL and VIRGINIA CASAS, SPOUSES ERLINDA and CELSO DICCION, MA. RENITA MARIANO, VICTORIA ESPIRITU, SPOUSES VICTOR and ROSARION SOTELO, RENATO GUIEB, DANIEL STA. MARIA, SPOUSES MELANIO and SOTERIA TORRES, SPOUSES CIRIACO and PERLITA BENDIJO, SPOUSES LILIA and DOMINGO TORRES, PACITA TORRES and GREGORIA CASTILLO, SPOUSES HILARIO and AMANDA DONIZA, SPOUSES JEREMIAS and ISABEL GARCIA, SPOUSES EDUARDO and MA. MARIN CALDERON, SPOUSES ERNESTO and PELAGIA LUCAS, CORAZON ACOSTA, TERESITA LACSON and JULIANA DE GUZMAN, PERLA REYES, SPOUSES ESMELITON and REMEDIOS ESPIRITU, SPOUSES ROGELIO and AURORA ABALON, DITAS GARCIA, TERESITA CAPATI, SPOUSES EFREN and MERCEDES MARTIN, SPOUSES HIPOLITO and ANTONIA STA. MARIA, DIONISIO and ATANACIA DOMONDON, JAOQUIN and MA. THERESA DELA ROSA, SPOUSES ROMULO and NORMA DUCUSIN, GENOVEVA CRUZ and A.**

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**BAUTISTA, PURITA SUNICO, SPOUSES MINERVA and ROQUE NUALLA, and SPOUSES GABINO, JR. and CRISPINA ALIPIO,** *respondents.*

**SYLLABUS**

**1. REMEDIAL LAW; SPECIAL CIVIL ACTIONS; EXPROPRIATION; JUST COMPENSATION; QUALIFICATIONS OF COMMISSIONERS; THE COMMISSIONERS TO BE APPOINTED TO ASCERTAIN THE JUST COMPENSATION FOR THE PROPERTY SOUGHT TO BE TAKEN SHOULD NOT BE MORE THAN THREE AND THAT THEY SHOULD BE COMPETENT AND DISINTERESTED PARTIES; APPOINTMENT OF THE BULACAN PROVINCIAL APPRAISAL COMMITTEE (PAC) COMPOSED OF THE PROVINCIAL ASSESSOR, THE PROVINCIAL ENGINEER AND THE PROVINCIAL TREASURER, AS COMMISSIONERS, SUBSTANTIALLY COMPLIES WITH THE RULE.—** The settled rule in expropriation proceedings is that the determination of just compensation is a judicial function. To assist the courts in this task, Section 5, Rule 67 of the Rules of Court requires the appointment of "not more than three (3) competent and disinterested persons as commissioners to ascertain and report to the court the just compensation for the property sought to be taken." Although the appointment of commissioners is mandatory, the Rules do not impose any qualifications or restrictions on the appointment, other than that the commissioners should not number more than three and that they should be competent and disinterested parties. In this case, the Court finds that the appointment of the PAC as commissioners substantially complies with Section 5, Rule 67 of the Rules of Court. It is immaterial that the RTC appointed a *committee* instead of three *persons* to act as commissioners, since the PAC is composed of *three members* – the Provincial Assessor, the Provincial Engineer, and the Provincial Treasurer. Considering their positions, we find each member of the PAC competent to perform the duty required of them, *i.e.*, to appraise the valuation of the affected lots. As correctly found by the CA, they "are government officials entrusted with the updating and time-to-time determination

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of currently assessed, as well as, market value of properties within their jurisdiction[.]" The mere fact that they are government officials does not disqualify them as disinterested persons, as the provincial government has no significant interest in the case. Instead, what we find material is that the PAC was tasked to perform precisely the same duty that the commissioners, under Section 5, Rule 67 of the Rules of Court, are required to discharge. The RTC order dated September 17, 1997 directed the PAC "to review and submit an updated appraisal report on the property to be acquired by the plaintiff NAPOCOR from the defendants to judicially guide the [c]ourt in fixing the amount to be paid [by] the plaintiff to the defendants." The appointment of the PAC served the same function as an appointment of three persons as commissioners under the Rules.

**2. ID.; ID.; ID.; ID.; ID.; OBJECTIONS TO THE APPOINTMENT OF ANY OF THE COMMISSIONERS MUST BE FILED EARLY AND NOT BELATEDLY BE RAISED ON APPEAL, OTHERWISE, THE PARTY IS DEEMED TO HAVE WAIVED ITS OBJECTIONS AGAINST ANY SUPPOSED IRREGULARITY IN THE APPOINTMENT THEREOF.—** If Napocor found the appointment of the PAC to be objectionable, it should have filed its objections early on and not belatedly raise them in its appeal with the CA. The second paragraph of Section 5, Rule 67 states that – Copies of the order [of appointment] shall be served on the parties**. Objections to the appointment of any of the commissioners shall be filed with the court within ten (10) days from service**, and shall be resolved within thirty (30) days after all the commissioners shall have received copies of the objections. We find nothing in the records indicating that Napocor seasonably objected to the appointment of the PAC or to any aspect in the order of appointment (*e.g.*, the supposed failure of the order to state the time and place of the first session of the hearing, and the time which the commissioners' report shall be submitted). Instead, Napocor belatedly raised its objections only in its appeal with the CA. For its failure to comply with the Rules, we consider Napocor to have waived its objections against any supposed irregularity in the appointment of the PAC.

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**3. ID.; ID.; ID.; ID.; ID.; ID.; THE PAC MEMBERS, UPON THEIR APPOINTMENT AND OATH AS COMMISSIONERS, ARE CONSIDERED OFFICERS OF THE COURT AND THE PRESUMPTION OF REGULARITY IN THE PERFORMANCE OF THEIR OFFICIAL FUNCTIONS CAN BE EXTENDED TO THEM.—** Neither do we find significant Napocor's claim that it was denied due process in the determination of the amount of just compensation. As against Napocor's bare allegation that it was not notified of the PAC's hearing, the obtaining circumstances, x x x lead us to believe otherwise. The PAC members, upon their appointment and oath, are considered officers of the court, and we can extend to them the presumption of regularity in the performance of their official functions. It is hard to believe that Napocor was completely left in the dark in the proceedings conducted by the PAC to determine just compensation, considering its interest in the case.

**4. ID.; ID.; ID.; ID.; ID.; ANY OBJECTIONS ON THE AMOUNT OF JUST COMPENSATION FIXED IN THE COMMISSIONERS' REPORT MUST BE FILED WITHIN TEN (10) DAYS FROM THE RECEIPT OF THE NOTICE OF THE REPORT.—** [W]e find untenable Napocor's claim that the amount of just compensation was without factual and legal basis. That the properties were valued at ₱427.76 per square meter in August 1996, then at ₱2,200.00 in October 1997 does not necessarily indicate that the assessment by the PAC was manipulated. Napocor itself acknowledge an increase in the value of the properties when it modified its offered settlement from ₱427.76 to ₱1,900.00. Also, the LBP Appraisal Report, which Napocor itself commissioned, has pegged the fair market value of the properties at ₱2,200.00 per square meter. The report considered important improvements in the vicinity, among them, the construction of a school, a church and several public buildings. If Napocor had any objections on the amount of just compensation fixed in the commissioners' report, its remedy was to file its objections within ten (10) days from receipt of the notice of the report. Section 7, Rule 67 of the Rules of Court states: Section 7. *Report by commissioners and judgment thereupon*. – x x x Except as otherwise expressly ordered by the court, such report shall be filed within sixty (60) days from the date the commissioners

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were notified of their appointment, which time may be extended in the discretion of the court. **Upon the filing of such report, the clerk of the court shall serve copies thereof on all interested parties, with notice that they are allowed ten (10) days within which to file objections to the findings of the report, if they so desire**. However, as with the objections to the appointment of the PAC, Napocor failed to make a timely objection to the report of the commissioners and raised them only before the CA.

**5. REMEDIAL LAW; APPEALS; THE AUTHORITY OF THE COURT OF APPEALS TO RESOLVE THE APPEAL CAN NO LONGER BE ASSAILED BY THE PETITIONER AFTER IT CONSISTENTLY FAILED TO FURNISH THE SAID COURT OF A COPY OF THE COMPROMISE AGREEMENT DESPITE THE NUMEROUS EXTENSIONS IT REQUESTED.—** It appears to us that Napocor has demonstrated a pattern of procrastination in this case. We note that not only did it belatedly file its objections to the appointment of the PAC and to the commissioners' report; it also failed to submit copies of the compromise agreement with the CA despite the numerous extensions it requested. As early as August 2001, during the pendency of its appeal with the CA, Napocor already manifested that it had entered into a compromise agreement with the respondents and would be filing a copy thereof with the CA. The CA initially gave Napocor 60 days to submit a copy of the agreement, but Napocor requested for (and was granted) an extension of 30 days. Days before the extension expired, Napocor requested for another 30-day extension. Napocor would repeat these requests for extension whenever the deadline loomed, without it filing a copy of the agreement. All in all, Napocor requested for an extension of 180 days. The long delay compelled the CA to finally resolve the appeal on the basis of the available records, notwithstanding Napocor's manifestation of a compromise agreement. Significantly, the execution of the compromise agreement, by itself, did not enjoin the CA from resolving the appeal. By its terms and as found out by the CA, the compromise agreement required the approval of the CA for it to take effect. Thus, Napocor can no longer assail the CA's authority to resolve the appeal after it consistently failed to furnish the CA a copy of the agreement.

**APPEARANCES OF COUNSEL**

*The Solicitor General* for petitioner.
*Reynaldo B. Hernandez* for Sps. Cruz, *et al*.
*Principe Villano Clemente & Associates Law Firm* for Felicidad C. Baonguis, *et al*.
*Bienvenido N. Quiñones* for Sps. Doniza.
*Samonte Felicen Tria Samonte Law Offices* for Victoria Espiritu.
*Marc Terry C. Perez* for Sps. Chua.

**D E C I S I O N**

**BRION, *J.*:**

For the Court's resolution is the petition for review on *certiorari*[1] filed under Rule 45 of the Rules of Court by the National Power Corporation (*Napocor*). Napocor seeks to annul and set aside the decision[2] dated February 10, 2004 and the resolution[3] dated September 13, 2004 of the Court of Appeals (*CA*) in CA-G.R. CV No. 62911, which affirmed with modification the order dated March 31, 1998 of the Regional Trial Court (*RTC*) of Malolos, Bulacan, Branch 15, in Civil Case No. 111-M-97.

**THE FACTS**

Civil Case No. 111-M-97 was an expropriation proceeding commenced by Napocor against respondents Spouses Salvador and Nenita Cruz, Spouses Edmundo and Merla Barzaga, Spouses Crisanto and Julieta dela Cruz, Spouses Lorenzo and Rosalina Palaganas, Spouses Ricardo and Lolita Saguid, Spouses Carmelita and Restituto Alcid, Hipolita Nasalga, Criselda and Redentor

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[1] *Rollo*, pp. 7-34.

[2] Penned by Associate Justice Rodrigo V. Cosico, and concurred in by Associate Justices Mariano C. del Castillo (now a Member of this Court) and Rosalinda Asuncion-Vicente; *id.* at 38-46.

[3] *Id.* at 47-50.

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Reyes, Iluminada Alipio, Reynaldo Alipio, Corazon Pelayo, Spouses Rolando and Felicidad Boanguis, Spouses Joselito and Caroline Mendoza, Spouses Erlinda and Celso de Guzman, Spouses Miguel and Virginia Casas, Spouses Erlinda and Celso Diccion, Ma. Renita Mariano, Victoria Espiritu, Spouses Victor and Rosarion Sotelo, Renato Guieb, Daniel Sta. Maria, Spouses Melanio and Soteria Torres, Spouses Ciriaco and Perlita Bendijo, Spouses Lilia and Domingo Torres, Pacita Torres and Gregoria Castillo, Spouses Hilario and Amanda Doniza, Spouses Jeremias and Isabel Garcia, Spouses Eduardo and Ma. Marin Calderon, Spouses Ernesto and Pelagia Lucas, Corazon Acosta, Teresita Lacson and Juliana de Guzman, Perla Reyes, Spouses Esmeliton and Remedios Espiritu, Spouses Rogelio and Aurora Abalon, Ditas Garcia, Teresita Capati, Spouses Efren and Mercedes Martin, Spouses Hipolito and Antonia Sta. Maria, Dionisio and Atanacia Domondon, Jaoquin and Ma. Theresa dela Rosa, Spouses Romulo and Norma Ducusin, Genoveva Cruz and A. Bautista, Purita Sunico, Spouses Minerva and Roque Nualla, and Spouses Gabino, Jr. and Crispina Alipio, who are the owners of individual lots located in Del Monte Park Subdivision, Dulong Bayan, San Jose Del Monte, Bulacan. The complaint, filed on February 17, 1997, primarily sought the **determination of just compensation** due the respondents after the negotiations for the purchase of the lots failed.

In its **order dated September 17, 1997**, the RTC directed the Bulacan Provincial Appraisal Committee (*PAC*) "to review and submit an updated appraisal report on the properties to be acquired by [Napocor] in order 'to judicially guide the Court in fixing the amount to be paid by the plaintiff to the defendants.'"[4] In the meantime, the RTC allowed Napocor to take possession of the lots, after Napocor deposited an amount equivalent to their assessed value pursuant to Section 2, Rule 67 of the Rules of Court.[5]

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[4] *Id.* at 39.

[5] Section 2. *Entry of plaintiff upon depositing value with authorized government depositary*. — Upon the filing of the complaint or at any time thereafter and after due notice to the defendant, the plaintiff shall have the

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On October 22, 1997, the PAC submitted its report[6] to the RTC which pegged the just compensation at ₱2,200.00 per square meter. After considering the PAC's report, the RTC issued an **order dated March 31, 1998** fixing the just compensation at ₱3,000.00 per square meter. Although the RTC found the PAC's recommended amount of ₱2,200.00 reasonable, it noted that an additional amount of ₱800.00 was necessary in view of the then prevailing economic crises and the devaluation of the peso.

Napocor appealed the RTC's March 31, 1998 order with the CA. It assailed the appointment of the PAC, claiming that its appointment was contrary to Rule 67 of the Rules of Court. It also alleged that the determination of the amount of just compensation was without basis.

## THE CA RULING

The CA affirmed the RTC's March 31, 1998 order, subject to a modification. It upheld the appointment of the PAC and the recommendation to set the just compensation at ₱2,200.00 per square meter, but removed the additional ₱800.00 that the RTC imposed. The CA instead imposed legal interest at 12% per annum on the amount of just compensation, to compensate for the constant fluctuation and inflation of the value of the currency.

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right to take or enter upon the possession of the real property involved if he deposits with the authorized government depositary an amount equivalent to the assessed value of the property for purposes of taxation to be held by such bank subject to the orders of the court. Such deposit shall be in money, unless in lieu thereof the court authorizes the deposit of a certificate of deposit of a government bank of the Republic of the Philippines payable on demand to the authorized government depositary.

If personal property is involved, its value shall be provisionally ascertained and the amount to be deposited shall be promptly fixed by the court.

After such deposit is made the court shall order the sheriff or other proper officer to forthwith place the plaintiff in possession of the property involved and promptly submit a report thereof to the court with service of copies to the parties.

[6] Embodied in PAC Resolution No. 97-016.

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Its motion for reconsideration of the CA decision having been denied,[7] Napocor elevates the case to us through the present petition.

## THE PARTIES' ARGUMENTS

Napocor asserts that the appointment of the PAC as commissioners was contrary to Rule 67 of the Rules of Court, specifically, Section 5 thereof which states:

> Section 5. *Ascertainment of compensation*. – Upon the rendition of the order of expropriation, the court shall **appoint not more than three (3) competent and disinterested persons as commissioners** to ascertain and report to the court the just compensation for the property sought to be taken. **The order of appointment shall designate the time and place of the first session of the hearing** to be held by the commissioners and specify **the time within which their report shall be submitted to the court**.
>
> Copies of the order shall be served on the parties. Objections to the appointment of any of the commissioners shall be filed with the court within ten (10) days from service, and shall be resolved within thirty (30) days after all the commissioners shall have received copies of the objections. [italics supplied; emphases ours]

It contends that Rule 67 requires the trial court to appoint three ***persons***, and not a committee like the PAC. The members of the PAC also did not subscribe to an oath which is required under Section 6, Rule 67 of the Rules of Court.[8]

Napocor also points out that the RTC's March 31, 1998 order did not specify the time and place for the first hearing of the commissioners and the time the commissioners' report should be submitted. No notice of hearing on the commissioners' report was, in fact, given to Napocor, depriving it of its right to present evidence to controvert the findings of the PAC.

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[7] CA Resolution, *supra* note 3.

[8] Section 6. *Proceedings by commissioners*.—Before entering upon the performance of their duties, the commissioners shall take and subscribe an oath that they will faithfully perform their duties as commissioners, which

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Napocor further alleges that the CA erred in disregarding the compromise agreement it entered into with the respondents. The agreement was executed during the pendency of the appeal with the CA and fixed the amount of just compensation at ₱1,900.00 per square meter. As the agreement was validly entered into by the parties, Napocor claims it is binding on the parties and could not be disregarded by the CA.

The respondents, on the other hand, assert that Napocor's allegations are unmeritorious. They claim that the appointment of the PAC constituted substantial compliance with Section 5, Rule 67 of the Rules of Court, since the PAC was composed of three members (the provincial assessor, the provincial engineer, and the provincial treasurer) who are government officials without interest in the outcome of the litigation, and who are competent to evaluate and assess valuation of the properties. They have been specifically tasked "to guide the Court in fixing the amount to be paid by the plaintiff to the defendants,"[9] which is the same task required of the commissioners by Rule 67 of the Rules of Court.

They further claim that it was Napocor's inaction itself that denied it the opportunity to present evidence due to its own failure to question the appointment of the commissioners and the commissioners' report within the period provided under the

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oath shall be filed in court with the other proceedings in the case. Evidence may be introduced by either party before the commissioners who are authorized to administer oaths on hearings before them, and the commissioners shall, unless the parties consent to the contrary, after due notice to the parties, to attend, view and examine the property sought to be expropriated and its surroundings, and may measure the same, after which either party may, by himself or counsel, argue the case. The commissioners shall assess the consequential damages to the property not taken and deduct from such consequential damages the consequential benefits to be derived by the owner from the public use or purpose of the property taken, the operation of its franchise by the corporation or the carrying on of the business of the corporation or person taking the property. But in no case shall the consequential benefits assessed exceed the consequential damages assessed, or the owner be deprived of the actual value of his property so taken. [italics supplied]

[9] *Rollo*, p. 60, referring to the RTC Order of September 17, 1997.

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Rules. Likewise, it was Napocor which should be faulted for the CA's refusal to take cognizance of the compromise agreement. Although Napocor manifested that an agreement was entered into by the parties, it consistently failed to submit a copy to the CA for the latter's approval. For over a year, the CA granted Napocor's numerous motions for extension to submit a copy, but Napocor failed to comply. Consequently, the CA should not be faulted for refusing to consider and approve the agreement. At any rate, the respondents claim that the agreement does not bind them, as they were made to sign it without the benefit of counsel during the pendency of the case.

Finally, the respondents allege that the amount of ₱2,200.00 as just compensation is fully supported not only by the findings in the report, but also by the Appraisal Report, which Napocor obtained from the Land Bank of the Philippines (*LBP*). The LBP Appraisal Report fixed the market value of the expropriated properties at ₱2,200.00.[10]

***Incidental Matters***

The majority of the respondents who filed the Comment dated February 16, 2005 are represented by Atty. Reynaldo B. Hernandez.[11] During the pendency of the case, Atty. Hernandez submitted before the Court an *Omnibus Motion*[12] (1) seeking clarification on the participation of one Atty. Pedro S. Principe of *Principe, Villano, Villacorta, Clemente and Associates* in the present proceeding, and (2) praying for an order from the Court enjoining the RTC from hearing and resolving Atty.

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[10] Supplemental Comment; *id.* at 83-85.

[11] The other respondents are represented accordingly: respondent Victoria Espiritu is represented by Atty. Jose J. Estrella, with the law firm Samonte Felicen Tria Samonte as collaborating counsel; respondent spouses Hilario and Amanda Doniza are represented by Atty. Bienvenido N. Quiñones; respondent spouses Edmundo and Merla Barzaga are represented by Atty. Benjamin Mendoza; and respondent spouses Celso and Erlinda Diccion are represented by former Judge Erlinda Diccion.

[12] *Rollo*, pp. 106-109.

Principe's *Motion to Enter Attorney's Charging Lien into the Records of This Case Even Before Final Judgment is Rendered*.

According to Atty. Hernandez, Atty. Principe claims to be the counsel of the same respondents that he (Atty. Hernandez) is representing. However, the respondents themselves have repudiated Atty. Principe's claim. Atty. Hernandez also states that, as borne by the records, the RTC has already denied Atty. Principe's appearance and motion to intervene in the expropriation proceedings. Atty. Principe wanted to intervene, supposedly to protect his 40% share in the expropriated properties, which he (Atty. Principe) claimed constituted part of his legal fees.

In response to Atty. Hernandez's allegations, Atty. Principe denies that he is a "nuisance interloper." Atty. Principe claims that he is the counsel for SANDAMA,[13] an organization formed by owners of the affected expropriated properties, of which the respondents are members. It was SANDAMA, through its President, Danilo Elfa, which engaged his and his firm's legal services; to date, his authority has not been withdrawn or revoked. Hence, Atty. Principe should be recognized as the counsel of record for the respondents. As counsel for the respondents, Atty. Principe claims that there is nothing improper with his motion to enter into the records his charging lien, adding that the lien will not anyway be enforced until final judgment in this case.

Also, during the pendency of this case, Napocor filed a *Motion to Approve Attached Compromise Agreement*,[14] which it entered into with respondent Ditas C. Garcia on July 3, 2006. In light of the compromise agreement, the Court issued a Resolution[15] dated March 28, 2011 and considered the case closed and terminated insofar as respondent Ditas was concerned.

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[13] *Samahan ng mga Dadaanan at Maapektuhan ng National Power Corporation*, see *Malonso v. Principe*, Adm. Case No. 6289, December 16, 2004, 447 SCRA 1, 7.

[14] Dated February 25, 2011; *rollo*, pp. 447-449.

[15] *Id.* at 470-471.

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## THE COURT'S RULING

The Court **denies** the petition.

***The appointment of the PAC as commissioners***

The settled rule in expropriation proceedings is that the determination of just compensation is a judicial function.[16] To assist the courts in this task, Section 5, Rule 67 of the Rules of Court requires the appointment of "not more than three (3) competent and disinterested persons as commissioners to ascertain and report to the court the just compensation for the property sought to be taken." Although the appointment of commissioners is mandatory, the Rules do not impose any qualifications or restrictions on the appointment, other than that the commissioners should not number more than three and that they should be competent and disinterested parties.

In this case, the Court finds that the appointment of the PAC as commissioners substantially complies with Section 5, Rule 67 of the Rules of Court. It is immaterial that the RTC appointed a *committee* instead of three *persons* to act as commissioners, since the PAC is composed of *three members* – the Provincial Assessor, the Provincial Engineer, and the Provincial Treasurer. Considering their positions, we find each member of the PAC competent to perform the duty required of them, *i.e.*, to appraise the valuation of the affected lots. As correctly found by the CA, they "are government officials entrusted with the updating and time-to-time determination of currently assessed, as well as, market value of properties within their jurisdiction[.]"[17] The mere fact that they are government officials does not disqualify them as disinterested persons, as the provincial government has no significant interest in the case.

Instead, what we find material is that the PAC was tasked to perform precisely the same duty that the commissioners, under

[16] *Export Processing Zone Authority v. Judge Dulay*, 233 Phil. 313, 326 (1987).

[17] *Rollo*, p. 45.

Section 5, Rule 67 of the Rules of Court, are required to discharge. The RTC order dated September 17, 1997 directed the PAC "to review and submit an updated appraisal report on the property to be acquired by the plaintiff NAPOCOR from the defendants to judicially guide the [c]ourt in fixing the amount to be paid [by] the plaintiff to the defendants."[18] The appointment of the PAC served the same function as an appointment of three persons as commissioners under the Rules.

If Napocor found the appointment of the PAC to be objectionable, it should have filed its objections early on and not belatedly raise them in its appeal with the CA. The second paragraph of Section 5, Rule 67 states that –

> Copies of the order [of appointment] shall be served on the parties**. Objections to the appointment of any of the commissioners shall be filed with the court within ten (10) days from service**, and shall be resolved within thirty (30) days after all the commissioners shall have received copies of the objections. [emphasis ours]

We find nothing in the records indicating that Napocor seasonably objected to the appointment of the PAC or to any aspect in the order of appointment (*e.g.*, the supposed failure of the order to state the time and place of the first session of the hearing, and the time which the commissioners' report shall be submitted). Instead, Napocor belatedly raised its objections only in its appeal with the CA. For its failure to comply with the Rules, we consider Napocor to have waived its objections against any supposed irregularity in the appointment of the PAC.

***The determination of just compensation***

Neither do we find significant Napocor's claim that it was denied due process in the determination of the amount of just compensation. As against Napocor's bare allegation that it was not notified of the PAC's hearing, the obtaining circumstances, set out below, lead us to believe otherwise.

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[18] *Id.* at 44.

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The PAC members, upon their appointment and oath, are considered officers of the court, and we can extend to them the presumption of regularity in the performance of their official functions.[19] It is hard to believe that Napocor was completely left in the dark in the proceedings conducted by the PAC to determine just compensation, considering its interest in the case.

Likewise, we find untenable Napocor's claim that the amount of just compensation was without factual and legal basis. That the properties were valued at ₱427.76 per square meter in August 1996, then at ₱2,200.00 in October 1997 does not necessarily indicate that the assessment by the PAC was manipulated. Napocor itself acknowledge an increase in the value of the properties when it modified its offered settlement from ₱427.76 to ₱1,900.00. Also, the LBP Appraisal Report, which Napocor itself commissioned, has pegged the fair market value of the properties at ₱2,200.00 per square meter. The report considered important improvements in the vicinity, among them, the construction of a school, a church and several public buildings.

If Napocor had any objections on the amount of just compensation fixed in the commissioners' report, its remedy was to file its objections within ten (10) days from receipt of the notice of the report. Section 7, Rule 67 of the Rules of Court states:

> Section 7. *Report by commissioners and judgment thereupon*. – x x x Except as otherwise expressly ordered by the court, such report shall be filed within sixty (60) days from the date the commissioners were notified of their appointment, which time may be extended in the discretion of the court. **Upon the filing of such report, the clerk of the court shall serve copies thereof on all interested parties, with notice that they are allowed ten (10) days within which to file objections to the findings of the report, if they so desire**. [italics supplied; emphasis ours]

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[19] In *Kriedt v. E. C. McCullough & Co*., 37 Phil. 474, 482 (1918), the Court ruled that "[w]hen a referee [commissioner] is appointed he becomes for the time being an accredited agent and an officer of the court[.]"

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However, as with the objections to the appointment of the PAC, Napocor failed to make a timely objection to the report of the commissioners and raised them only before the CA.

***The compromise agreement***

It appears to us that Napocor has demonstrated a pattern of procrastination in this case. We note that not only did it belatedly file its objections to the appointment of the PAC and to the commissioners' report; it also failed to submit copies of the compromise agreement with the CA despite the numerous extensions it requested.

As early as August 2001, during the pendency of its appeal with the CA, Napocor already manifested that it had entered into a compromise agreement with the respondents and would be filing a copy thereof with the CA.

The CA initially gave Napocor 60 days to submit a copy of the agreement, but Napocor requested for (and was granted) an extension of 30 days. Days before the extension expired, Napocor requested for another 30-day extension. Napocor would repeat these requests for extension whenever the deadline loomed, without it filing a copy of the agreement. All in all, Napocor requested for an extension of 180 days. The long delay compelled the CA to finally resolve the appeal on the basis of the available records, notwithstanding Napocor's manifestation of a compromise agreement.

Significantly, the execution of the compromise agreement, by itself, did not enjoin the CA from resolving the appeal. By its terms and as found out by the CA, the compromise agreement required the approval of the CA for it to take effect. Thus, Napocor can no longer assail the CA's authority to resolve the appeal after it consistently failed to furnish the CA a copy of the agreement.

***The representation of Atty. Principe***

We take note of the respondents' misgivings on the claims of Atty. Principe. However, we point out that the Court has

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resolved the issue of Atty. Principe's interest in the expropriation proceedings in *Malonso v. Principe*.[20] Julian Malonso is the owner of one of the expropriated properties and a member of SANDAMA.[21] He assailed the authority of Atty. Principe to represent him in the same expropriation proceedings that is the subject of the present case and the latter's claim of 40% of the amount to be paid by Napocor. On the basis of these contentions, he sought Atty. Principe's disbarment.

Ruling in favor of Atty. Principe, we found reasonable grounds supporting his claim that he possessed authority to represent SANDAMA and its members in the expropriation proceedings[22]

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[20] A.C. No. 6289, December 16, 2004, 447 SCRA 1.

[21] Malonso, however, is not a respondent in the present case.

[22] The pertinent portion of our ruling in *Malonso* states:

A review of the records reveals that respondent had grounds to believe that he can intervene and claim from the individual landowners. For one, the incorporation of the landowners into SANDAMA was made and initiated by respondent's firm so as to make negotiations with NAPOCOR easier and more organized. SANDAMA was a non-stock, non-profit corporation aimed towards the promotion of the landowners' common interest. It presented a unified front which was far easier to manage and represent than the individual owners. In effect, respondent still dealt with the members, albeit in a collective manner.

Second, respondent relied on the representation of Danilo Elfa, former SANDAMA president and attorney-in-fact of the members, with whom he entered into a contract for legal services. Respondent could not have doubted the authority of Elfa to contract his firm's services. After all, Elfa was armed with a Board Resolution from SANDAMA, and more importantly, individual grants of authority from the SANDAMA members, including Malonso.

Third, the contract for legal services clearly indicated a contingent fee of forty percent (40%) of the selling price of the lands to be expropriated, the same amount which was reflected in the deed of assignment made by the individual members of SANDAMA. Respondent could have easily and naturally assumed that the same figure assigned to SANDAMA was the same amount earmarked for its legal services as indicated in their service contract. Being a non-stock, non-profit corporation, where else would SANDAMA get the funds to pay for the legal fees due to respondent and his firm but from the contribution of its members.

Lastly, respondent's legal services were disengaged by SANDAMA's new President Yolanda Bautista around the same time when the SANDAMA

and could not validly be accused of misrepresentation. Since Atty. Principe and his law firm have already rendered legal and even extra-legal services for SANDAMA, they rightfully moved to recover the attorney's fees due them and to protect this interest. However, the Court refrained from ruling on Atty. Principe's entitlement to the claimed attorney's fees of 40% of the purchase price since *Malonso* only involved a disbarment proceeding.

Although the Court's ruling in *Malonso* has become final, we cannot fully adopt it in the present case so as to make a

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members abandoned and disauthorized former SANDAMA president Elfa, just when the negotiations bore fruit. With all these circumstances, respondent, rightly or wrongly, perceived that he was also about to be deprived of his lawful compensation for the services he and his firm rendered to SANDAMA and its members. With the prevailing attitude of the SANDAMA officers and members, respondent saw the immediate need to protect his interests in the individual properties of the landowners. The hairline distinction between SANDAMA and its individual members' interests and properties, flowing as it does from a legal fiction which has evolved as a mechanism to promote business intercourse but not as an instrument of injustice, is simply too tenuous, impractical and even unfair in view of the circumstances.

Thus, the Court cannot hold respondent guilty of censurable conduct or practice justifying the penalty recommended. While filing the claim for attorney's fees against the individual members may not be the proper remedy for respondent, the Court believes that he instituted the same out of his honest belief that it was the best way to protect his interests. After all, SANDAMA procured his firm's services and led him to believe that he would be paid for the same. There is evidence which tend to show that respondent and his firm rendered legal and even extra-legal services in order to assist the landowners get a favorable valuation of their properties. They facilitated the incorporation of the landowners to expedite the negotiations between the owners, the appraisers, and NAPOCOR. They sought the assistance of several political personalities to get some leverage in their bargaining with NAPOCOR. Suddenly, just after concluding the compromise price with NAPOCOR and before the presentation of the compromise agreement for the court's approval, SANDAMA disengaged the services of respondent's law firm.

With the validity of its contract for services and its authority disputed, and having rendered legal service for years without having received anything in return, and with the prospect of not getting any compensation for all the services it has rendered to SANDAMA and its members, respondent and his law firm auspiciously moved to protect their interests; *supra* note 20.

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conclusive finding on the question of Atty. Principe's representation and entitlement to attorney's fees as far as the present respondents are concerned. The available documents in the records disclose that only a few of the respondents have executed a special power of attorney, similar to the one Malonso executed in favor of Danilo Elfa (then SANDAMA President), that would authorize Elfa to hire Atty. Principe and his law firm to represent them. The same documents do not show if these respondents are members of SANDAMA, which Atty. Principe claims he represents. Also, nothing in the records would show the extent of services that Atty. Principe has performed for the respondents. In the absence of these pertinent facts, we deem it prudent to remand the matter to the RTC the determination of Atty. Principe's authority to represent the respondents and his entitlement to attorney's fees, taking into consideration the Court's ruling in *Malonso*.

**WHEREFORE,** in view of the foregoing, the assailed decision dated February 10, 2004 and the resolution dated September 13, 2004 of the Court of Appeals in CA-G.R. CV No. 62911 are **AFFIRMED**.

The questions of Atty. Pedro Principe's representation and his entitlement to attorney's fees, insofar as the respondents are concerned, are **REMANDED** to the Regional Trial Court of Malolos, Bulacan, Branch 15, for resolution. The trial court is hereby ordered to resolve these matters with due haste.

**SO ORDERED.**

*Carpio (Chairperson), Villarama, Jr.,*[*] *Perez,* and *Perlas-Bernabe, JJ.,* concur.

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[*] In lieu of Associate Justice Mariano C. del Castillo per Raffle dated February 22, 2010.