



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

NATIONAL POWER CORPORATION (NPC),
Petitioner,

G.R. No. 195217

Present:

- versus -

PERLAS-BERNABE, *SAJ.*, Chairperson,
GESMUNDO,
LAZARO-JAVIER,
LOPEZ,
ROSARIO,* *JJ.*

SPOUSES RUFO AND TOMASA LLORIN, represented by their ATTORNEY-IN-FACT, CORAZON CANDELARIA,
Respondents.

Promulgated:

JAN 13 2021

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DECISION

LAZARO-JAVIER, J.:

The Case

Petitioner National Power Corporation (NPC)¹ assails the Court of Appeals' Decision² dated June 27, 2008 and Resolution³ dated January 12, 2011 in CA-G.R. SP No. 101986 upholding the order for NPC to vacate subject property and to pay monthly rentals thereon.

* Designated as additional member per S.O. No. 2797 dated November 5, 2020.

¹ Represented by the Office of the Solicitor General through Associate Solicitor General Reynaldo L. Saldares and Associate Solicitor Neil E. Lorenzo.

² Penned by Associate Justice Magdangal M. De Leon and concurred in by Associate Justices Josefina Guevara-Salonga and Normandie B. Pizarro, *rollo*, pp. 65-75.

³ *Id.* at 76-77.

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Antecedents

On October 27, 2006, respondents Spouses Rufo and Tomasa Llorin (Spouses Llorin), represented by their attorney-in-fact, Corazon Candelaria filed before the Municipal Trial Court in Cities (MTCC)-Naga City a complaint for unlawful detainer⁴ against NPC docketed Civil Case No. 12712. It was raffled off to Branch 1.

Essentially, Spouses Llorin alleged that they are the registered owners of a 102,606-square meter (sq. m.) parcel of land covered by Transfer Certificate of Title No. 29725 (Lot 3162-B-2 of subdivision survey Psd-05-020261) and located in Brgy. San Felipe, Naga City.

Sometime in 1978, NPC occupied the property without the consent of their predecessors-in-interest and started the construction and installation of 69 kV Naga-Tinambac power transmission lines, affecting a total of 10,500 sq. m. of the property.

Their predecessors-in-interest tolerated NPC's occupation of their property on the latter's assurance that the structures were only temporary, it would vacate the property when the owners already needed it and monthly rentals would be paid.

When they and their predecessors-in-interest subsequently demanded the return of the property and payment of monthly rentals, NPC continuously failed and refused to heed their demand. Thus, on August 30, 2006, they served their last formal demand on NPC.

In its answer with compulsory counterclaim, NPC claimed that the complaint should be dismissed because it stated no cause of action against it. The subject transmission assets had already been transferred to the National Transmission Corporation (TRANSCO) by virtue of Republic Act No. 9136⁵ (RA 9136). The complaint was also barred by prescription and laches.⁶

Ruling of the MTCC

Under Decision⁷ dated June 19, 2007, the MTCC ruled in favor of Spouses Llorin, *viz.*:

⁴ *Id.* at 176-177.

⁵ An Act Ordaining Reforms In The Electric Power Industry, Amending For The Purpose Certain Laws And For Other Purposes.

⁶ *Id.* at 185-190.

⁷ *Id.* at 230-233.

WHEREFORE, premises considered, decision is hereby rendered in favor of plaintiff Sps. Rufo Llorin and Tomasa Tijam-Llorin, ordering defendant NAPOCOR

1. To vacate the subject properties and turn over it [sic] possession to plaintiff;
2. To pay to plaintiff monthly rental of Php5,000.00 per month as rental for the use of land from September, 2006 until the land is finally vacated;
3. To pay to plaintiff the amount of Php20,000.00 as attorney's fee plus cost.

SO ORDERED.

Ruling of the Regional Trial Court (RTC)

On appeal, RTC-Naga City, Branch 26, affirmed under Decision⁸ dated December 7, 2007.

NPC consequently went to the Court of Appeals by way of petition for review under Rule 42 of the Rules of Court.

Ruling of the Court of Appeals

By Decision⁹ dated June 27, 2008, the Court of Appeals, too, affirmed, thus:

WHEREFORE, the petition is **DISMISSED**. Accordingly, the assailed *Decision* dated December 7, 2007 of the Regional Trial Court, Branch 26, Naga City, which affirmed the *Decision* dated June 19, 2007 of the Municipal Trial Court in Cities, Branch 1, Naga City in Civil Case No. 12712 is hereby **AFFIRMED**.

SO ORDERED.

The Court of Appeals ruled that the allegations in the complaint were sufficient for unlawful detainer to prosper. The right of Spouses Llorin to recover possession of their property cannot be defeated by laches or prescription. The non-inclusion of TRANSCO in the case was not fatal considering that the parties, during the pre-trial, had already agreed that the ownership of the transmission lines remained with NPC and TRANSCO is its operator.

⁸ *Id.* at 234-240.

⁹ Penned by Associate Justice Magdangal M. De Leon and concurred in by Associate Justices Josefina Guevara-Salonga and Normandie B. Pizarro. *id.* at 65-75.



Under Resolution¹⁰ dated January 12, 2011, the Court of Appeals denied NPC's motion for reconsideration.

The Present Petition

NPC argues in the main that (1) the MTCC had no jurisdiction over the subject matter of the complaint, (2) the complaint was already barred by laches and prescription, (3) TRANSCO, an indispensable party, was not impleaded, and (4) the proper remedy of Spouses Llorin was to claim for just compensation.

Considering that Spouses Llorin failed to file the required comment, the Court resolved to dispense with it per Resolution dated October 9, 2019.

Issue

Does an action for unlawful detainer lie to oust the NPC (TRANSCO) from the property which holds its 69 kV Naga-Tinambac power transmission lines since 1978?

Ruling

We reverse.

There is no dispute that since 1978, subject property has been devoted for a public purpose serving as site for the government's 69 kV Naga-Tinambac power transmission lines. Under RA 9136, TRANSCO has assumed the electrical transmission functions of the NPC, including the latter's power of eminent domain necessary for the discharge of these functions. Sec. 8 of RA 9136 provides:

SEC. 8. Creation of the National Transmission Company. There is hereby created a National Transmission Corporation, hereinafter referred to as TRANSCO, which shall assume the electrical transmission function of the National Power Corporation (NPC), and have the power and functions hereinafter granted. The TRANSCO shall assume the authority and responsibility of NPC for the planning, construction and centralized operation and maintenance of its high voltage transmission facilities, including grid interconnections and ancillary services.

Within six (6) months from the effectivity of this Act, the transmission and subtransmission facilities of NPC and all other assets related to transmission operations, including the nationwide franchise of NPC for the operation of the transmission system and the grid, shall

¹⁰ *Id.* at 76-77.

be transferred to the TRANSCO. The TRANSCO shall be wholly owned by the Power Sector Assets and Liabilities Management Corporation (PSALM Corp.).

The subtransmission functions and assets shall be segregated from the transmission functions, assets and liabilities for transparency and disposal: Provided, That the subtransmission assets shall be operated and maintained by TRANSCO until their disposal to qualified distribution utilities which are in a position to take over the responsibility for operating, maintaining, upgrading, and expanding said assets. All transmission and subtransmission related liabilities of NPC shall be transferred to and assumed by the PSALM Corp.

TRANSCO shall negotiate with and thereafter transfer such functions, assets, and associated liabilities to the qualified distribution utility or utilities connected to such subtransmission facilities not later than two (2) years from the effectivity of this Act or the start of open access, whichever comes earlier: x x x.

As ordained in the leading case of *National Transmission Corp. v. Bermuda Development Corp.*,¹¹ for reasons of public policy and public necessity, as well as equitable estoppel, the remedy of unlawful detainer is unavailing to compel a public utility to vacate subject property. “The proper recourse is for the ejectment court: (1) to dismiss the case without prejudice to the landowner filing the proper action for recovery of just compensation and consequential damages; or (2) to dismiss the case and direct the public utility corporation to institute the proper expropriation or condemnation proceedings and to pay the just compensation and consequential damages assessed therein; or (3) to continue with the case as if it were an expropriation case and determine the just compensation and consequential damages pursuant to Rule 67 (Expropriation) of the Rules of Court, if the ejectment court has jurisdiction over the value of the subject land.” Thus:

Thus, it is well-settled that a case filed by a landowner for recovery of possession or ejectment against a public utility corporation, endowed with the power of eminent domain, which has occupied the land belonging to the former in the interest of public service without prior acquisition of title thereto by negotiated purchase or expropriation proceedings, will not prosper. **Any action to compel the public utility corporation to vacate such property is unavailing since the landowner is denied the remedies of ejectment and injunction for reasons of public policy and public necessity as well as equitable estoppel. The proper recourse is for the ejectment court: (1) to dismiss the case without prejudice to the landowner filing the proper action for recovery of just compensation and consequential damages; or (2) to dismiss the case and direct the public utility corporation to institute the proper expropriation or condemnation proceedings and to pay the just compensation and consequential damages assessed therein; or (3) to continue with the case**

¹¹ G.R. No. 214782, April 3, 2019.

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as if it were an expropriation case and determine the just compensation and consequential damages pursuant to Rule 67 (Expropriation) of the Rules of Court, if the ejectment court has jurisdiction over the value of the subject land. (Emphasis supplied)

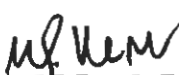
Here, the MTCC therefore should have dismissed the case without prejudice to the landowner's filing of the proper action for just compensation and consequential damages; or directed the NPC (TRANSCO) to initiate the proper expropriation proceedings and to pay just compensation and consequential damages. Notably, the considerable length of time that elapsed before Spouses Llorin or their predecessors-in-interest questioned the government's so called unconsented entry into the property and installation of the 69 kV Naga-Tinambac power transmission lines, sans expropriation proceedings, constitutes a waiver of their right to gain back its possession.¹² To repeat, the remedy left for them is to claim for just compensation.

ACCORDINGLY, the petition is **GRANTED**. The Decision dated June 27, 2008 and Resolution dated January 12, 2011 of the Court of Appeals in CA-G.R. SP No. 101986 as well as the Decision dated June 19, 2007 of the Municipal Trial Court in Cities-Naga City, Branch 1 in Civil Case No. 12712 are **REVERSED** and **SET ASIDE**. The complaint for unlawful detainer filed before the Municipal Trial Court in Cities-Naga City, Branch 1 in Civil Case No. 12712 is **DISMISSED**, without prejudice to the filing of the action for just compensation and consequential damages.

SO ORDERED.

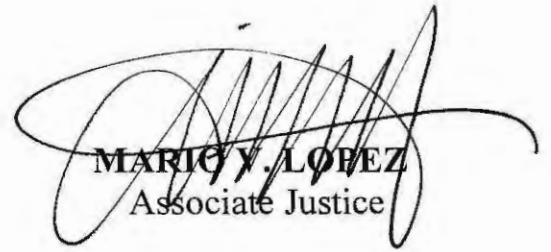

AMY C. LAZARO-JAVIER
Associate Justice

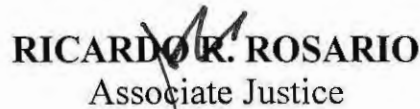
WE CONCUR:


ESTELA M. PERLAS-BERNABE
Senior Associate Justice
Chairperson

¹² *Eusebio v. Luis*, 618 Phil. 586, 595-596 (2009).

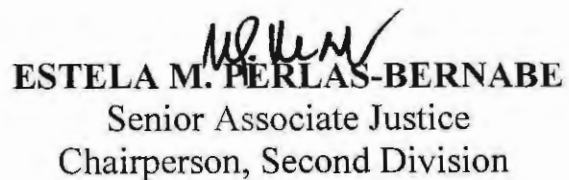

ALEXANDER G. GESMUNDO
Associate Justice


MARIJO Y. LOPEZ
Associate Justice


RICARDO R. ROSARIO
Associate Justice

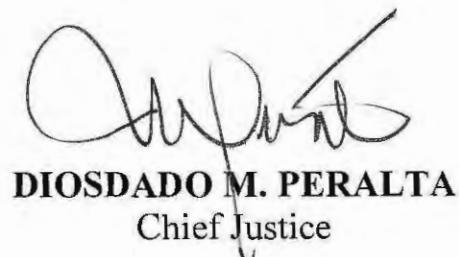
ATTESTATION

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


ESTELA M. PERLAS-BERNABE
Senior Associate Justice
Chairperson, Second Division

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.


DIOSDADO M. PERALTA
Chief Justice

