ARABAY, INC., PETITIONER, VS. HON. SERAFIN SALVADOR, PRESIDING JUDGE OF THE COURT OF FIRST INSTANCE OF RIZAL, CALOOCAN CITY BRANCH, AND BENJAMIN M. PASCUAL, RESPONDENTS.

G.R. No. L-31077. March 17, 1978

Ponente: AQUINO, J.

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AQUINO, J.:

Ventilated in this case is the ever-recurring question as to the jurisdiction of a Court of First Instance to issue, at the instance of a third-party claimant, an injunction restraining the execution sale of properties which were levied upon by a judgment creditor in a case decided by another Court of First Instance.

In a decision dated October 7, 1968 in Civil Case No. 71710 of the Court of First Instance of Manila, "Arabay, Inc. vs. Florencio A. Soyangco", Judge Manuel P. Barcelona ordered Soyangco to pay the plaintiff the sum of P36, 874.49 plus six percent interest from January 10, 1967 and P2,000 as attorney's fees.

Soyangco did not appeal. Pursuant to the writ of execution issued in that case, a deputy sheriff of Rizal levied upon forty pieces of personal property found in Soyangco's residence at Navotas, Rizal and served notice that the same would be auctioned off to the highest bidder on March 8, 1969.

On March 6, 1969 Benjamin M. Pascual filed a third-party claim with the sheriff. He alleged that he owned the said pieces of personal property because they were sold to him by the deputy sheriff of Caloocan City for P8,106.16 to satisfy a judgment against Soyangco in Civil Case No. 61193, "Esteban F. Ferrer vs. Florencio Soyangco" of the Court of First Instance of Manila, as shown in the certificate of sale dated June 30, 1967.

On March 13, 1969 Arabay, Inc. posted an indemnity bond for P8,106.16 in favor of the sheriff. The auction sale was re-scheduled on March 28, 1969 but the sale did not take place because Pascual sued the sheriff and Arabay, Inc. in Civil Case No. C-1545 of the Court of First Instance of Rizal, Caloocan City Branch XIV. Pascual prayed in that case that the auction sale be enjoined, that the levy be declared void and that the defendants be ordered to pay moral damages and attorney's fees. The Caloocan court in an ex parte order dated March 26, 1969 enjoined the sheriff from proceeding with the auction sale.

Arabay, Inc. filed a motion to dismiss the injunction suit. It invoked the rule that no court has the power to interfere by injunction with the judgments or decrees of a court of concurrent or coordinate jurisdiction (Cabigao and Izquierdo vs. Del Rosario and Lim, 44 Phil. 182; Philippine National Bank vs. Javellana, 92 Phil. 525; Li Kim Tho vs. Sanchez, 82 Phil. 776; Lacuna vs. Ofilada, 106 Phil. 313; Hacbang and Bardelosa vs. Leyte Autobus Co., Inc., 118 Phil. 110; Nat'l. Power Corp. vs. Hon. De Veyra, etc. and City of Baguio, 113 Phil. 622).

Pascual opposed the motion to dismiss. He cited the rule that a sheriff has no authority to attach the property of a person other than the judgment debtor (Codesal vs. Ascue, 38 Phil. 902).

The Caloocan court in its order of May 19, 1969 denied the motion to dismiss and reiterated its prior order that upon the filing of a bond in the sum of P5,000 a writ of injunction should be issued to enjoin the auction sale. The motion for the reconsideration of that order was denied in the court's order of July 11, 1969.

On October 13, 1969 Arabay, Inc. filed in this Court the instant petition for certiorari and prohibition wherein it assailed the injunction order. The issue is whether at the instance of a third-party claimant the Caloocan court can enjoin the sheriff from selling the properties which he has levied upon to satisfy the judgment of the Court of First Instance of Manila.

We hold that the Caloocan court can stop the execution of the Manila court's judgment against properties not belonging to the judgment debtor. The injunction in that case would not constitute an interference with the process of a court of coordinate and co-equal jurisdiction.

As a third-party claimant, Pascual has the right to vindicate his claim to the properties levied upon by means of a proper action. That right is recognized in Rule 39 of the Rules of Court, which provides:

> "SEC. 17. Proceedings where property claimed by third person. - If property levied on be claimed by any other person than the judgment debtor or his agent, and such person make an affidavit of his title thereto or right to the possession thereof, stating the grounds of such right or title, and serve the same upon the officer making the levy, and a copy thereof upon the judgment creditor, the officer shall not be bound to keep the property, unless such judgment creditor or his agent, on demand of the officer, indemnify the officer against such claim by a bond in a sum not greater than the value of the property levied on. In case of disagreement as to such value, the same shall be determined by the court issuing the writ of execution.
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> "The officer is not liable for damages, for the taking or keeping of the property, to any third-party claimant unless a claim is made by the latter and unless an action for damages is brought by him against the officer within one hundred twenty (120) days from the date of the filing of the bond. But nothing herein contained shall prevent such claimant or any third person from vindicating his claim to the property by any proper action."

The third-party claimant is not obligated to file an action for damages against the sheriff in case an indemnity bond was filed by the judgment creditor. The third-party claimant may file a separate and independent action to establish ownership to the property levied upon by the sheriff. In that action, he may secure an injunction to restrain the sale of the attached property. (Abiera vs. Court of Appeals, L-26294, May 31, 1972, 45 SCRA 314; Bayer Philippines, Inc. vs. Agana, L-38701 and San Francisco Oil & Paint Co., Inc., et al. vs. Bayer Philippines, Inc., L-38801, April 8, 1975, 63 SCRA 355, 366; Queblar vs. Garduño, 67 Phil. 316; Potenciano vs. Dineros, 97 Phil. 196; Agricultural Credit Administration vs. Lasam Farmers' Cooperative Marketing Asso., Inc., L-29278, July 31, 1969, 23 SCRA 1098).

When the sheriff acting beyond the bounds of his authority, seizes a stranger's property, the writ of injunction, which is issued to stop the auction sale of that property, is not an interference with the writ of execution issued by another court because the writ of execution was improperly implemented by the sheriff. Under that writ, he could attach the property of the judgment debtor. He is not authorized to levy upon the property of the third-party claimant (Polaris Marketing Corporation vs. Plan, L-40666, January 22, 1976, 69 SCRA 93, 97; Manila Herald Publishing Co., Inc. vs. Ramos, 88 Phil. 94, 102).

In the instant case, respondent Judge acted within his jurisdiction and did not commit any grave abuse of

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discretion in enjoining the auction sale because, as already stated, "a sheriff has no authority to attach the property of any person under an execution except that of the judgment debtor. If he does so, the writ of execution affords him no justification for the action is not in obedience to the mandate of the writ. So long as the officer confines his acts to the authority of the writ, he is not liable but all of his acts which are not justified by the writ are without authority of law. An injunction is a proper remedy to prevent a sheriff from selling the property of one person for the purpose of paying the debts of another." (Syllabus, Codesal and Ocampo vs. Ascue, 38 Phil. 902).

In the Abiera case, supra, Angelina Puentevella secured a judgment against Raul Javellana for a sum of money from Branch II of the Court of First Instance of Negros Occidental. To satisfy that judgment the sheriff levied upon certain properties claimed by Jovita de la Cruz. She and her husband filed an action in Branch VI of the same court wherein they alleged that they were the owners of the said properties. They secured an injunction from Branch VI to restrain the sheriff from taking possession of the properties and from proceeding with the auction sale thereof. It was held that the injunction was not an interference with the writ of execution issued by Branch II since the said properties could not be levied upon by the sheriff.

It is noteworthy that, generally, the rule, that no court has authority to interfere by injunction with the judgments or decrees of a concurrent or coordinate jurisdiction having equal power to grant the injunctive relief, is applied in cases, where no third-party claimant is involved, in order to prevent one court from nullifying the judgment or process of another court of the same rank or category, a power which devolves upon the proper appellate court.

The raison d'etre for that rule is that an effective ordering of legal relationships in civil society is possible only when each court is granted exclusive jurisdiction over the property brought to it. To allow coordinate courts to interfere with each other's judgments or decrees by injunctions would obviously lead to confusion and might seriously hinder the proper administration of justice, especially if they are branches of the same court (Nat'l. Power Corp. vs. Hon. De Veyra, etc. and City of Baguio, 113 Phil. 622, 625).

That rule is not violated when the judge of another branch, who annuls or modifies the order issued by another judge, acts in the same case and belongs to the same court (Eleazar vs. Zandueta, 48 Phil. 193).

But the rule is infringed when the judge of a branch of the court issues a writ of preliminary injunction in a case to enjoin the sheriff from carrying out an order of execution issued in another case by the judge of another branch of the same court (Philippine National Bank vs. Javellana, 92 Phil. 525).

An amended writ of possession issued to the mortgagee in a case of judicial foreclosure, which was filed in the Court of First Instance of Manila, cannot be enjoined in a subsequent case filed in the same court by the mortgagor (Lacuna vs. Ofilada, supra).

In another case, it was held that the writ of garnishment which was issued by the Court of First Instance of Manila to enforce a judgment for P240,000 against the City of Baguio and which was enforced by attaching its deposits in the Philippine National Bank, could not be enjoined by the Court of First Instance of Baguio on the theory that the funds garnished are exempt from execution. Relief against the writ of garnishment should be sought in the court which issued the writ and which has the power to grant the injunctive remedy. "Thereby, conflict of power is avoided between different courts of coordinate jurisdiction." (National Power Corporation case, supra).

The execution of a final judgment rendered by one branch of the Court of First Instance of Manila cannot be enjoined by another branch at the instance of the judgment debtor (Araneta and Uy vs. Commonwealth Insurance Co., 103 Phil. 522; Ongsingco vs. Tan, 97 Phil. 330; Mercado vs. Ocampo, 72 Phil. 318).

Similarly, Branch 14 of the Court of First Instance of Rizal has no jurisdiction to annul an execution sale, which was held pursuant to a writ of execution issued by Branch 12 of the same court. Branch 14 cannot interfere by

injunction with the execution proceedings which were held to satisfy the judgment rendered by Branch 12. Relief from the sale should be secured from Branch 12. (De Leon vs. Salvador, L-30871 and Bernabe vs. Cruz, L-31603, December 28, 1970, 36 SCRA 567. Same situation in the Cabigao case, supra; Hubahib vs. Insular Drug Co., 64 Phil. 119, and Orais vs. Escaño, 14 Phil. 208, 212. See Castañeda vs. Ago, L-28546, July 30, 1975, 65 SCRA 505 and Cobb-Perez vs. Lantin, L-22320, May 22, 1968, 23 SCRA 637).

On the other hand, it should be noted that a Court of First Instance or a branch thereof has the authority and jurisdiction to take cognizance of, and to act in, a suit to annul a final and executory judgment or order rendered by another Court of First Instance or by another branch of the same court. In such a case, there is no interference by one branch of the court with the judgment of another branch of the same court because after a case had been finally terminated in one branch and an action to annul the judgment is filed in another branch, the cause of action in the second case would be different from that in the first case. (Francisco vs. Aquino, L-33235-6, July 29, 1976, 72 SCRA 140; Vda. de Ursua vs. Pelayo, 107 Phil. 622; Gianan vs. Imperial, L-37963, February 28, 1974, 55 SCRA 755; Dulap vs. Court of Appeals, L-28306, December 18, 1971, 42 SCRA 537, 545, revoking the ruling laid down in J.M. Tuason & Co., Inc. vs. Torres, L-24717, Dec. 4, 1967, 21 SCRA 1169; Mas vs. Dumara-og, 120 Phil. 825; Sterling Investment Corporation vs. Ruiz, L-30694, October 31, 1969, 30 SCRA 318; Tan vs. People, L-25460, March 13, 1968, 22 SCRA 1020. As to search warrant, see Pagkalinawan vs. Gomez, L-22585, December 18, 1967, 21 SCRA 1275).

WHEREFORE, the petition is dismissed. Costs against the petitioner.

SO ORDERED.

Fernando, (Chairman), Antonio, Concepcion, Jr., and Santos, JJ., concur.

Barredo, J., concurs with a separate opinion.

CONCURRING OPINION

BARREDO, J.:

I concur, but I believe it is perhaps worth underlining that as far as I am concerned the basic consideration justifying the assertion of jurisdiction by respondent judge, as against the claim that his action amounts to an interference with the prerogatives and authority of the Court of First Instance of Manila, is that the filing in another court of a separate action purported to vindicate the claim of ownership by a third-party over property levied by a sheriff for the purpose of executing a final and executory judgment of a court is expressly authorized by Section 17 of Rule 39, which is precisely the legal provision that regulates the very matter of third-party claims. Under said section, the third-party claimant has the choice of either filing the affidavit of third-party claim and thereafter suing the sheriff for recovery of the subject property and/or damages against the bond that the judgment creditor has filed in favor of the sheriff, for the latter to proceed with the levy and execution or, in the language of the rule, "vindicating his claim to the property by any proper action."

To my mind, this specific grant of the right to institute a separate action properly dissociates the proceedings regarding the third-party's claim from the action in which the judgment being executed was rendered. It is as if the law were telling the sheriff and the judgment creditor that the authority of the court rendering the judgment to execute the same by its own power or authority is limited only to instances where the property levied upon is not being claimed by a third-party. It is with the exercise of that prerogative that another court is not allowed to meddle or interfere. If for one reason or another, the judgment debtor would like to enjoin the levy or sale of his

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own property, it is not to another court that he can seek redress. He was a party in the litigation that has been terminated and the relief he is seeking is still part of the remedy submitted to the jurisdiction of the court, without any new party being involved. The power of the court in such a situation to see to it that the judgment it has rendered is satisfied by the party it has sentenced to pay is plenary and exclusive, except when what is questioned is the validity of the judgment, in which event, another court or branch may take cognizance of the matter, the issue in the case of annulment being a different one from that already tried by the first court. (See the cases cited in the last paragraph of the main opinion.)

Likewise, the reason why another court may assume jurisdiction when there is a third-party claimant is simply because the issue in the third-party claim is entirely a new one unrelated to the cause or causes of action adjudicated in the first case, and it would only serve to prolong the proceedings of a terminated case for another full-drawn litigation to be tried within the same expediente. Such a procedure of a separate action can even serve to insulate the determination of the new issue of ownership from any taint of possible prejudgment that the first case could engender in the mind of the judge against the judgment debtor who might be suspected of merely trying to evade the effects of his judgment.

Since it is thus clear that the jurisdiction of another court in the premises is expressly conferred by the law itself, it necessarily follows that its authority to issue related processes and injunctions is unquestionable. And this rule holds true even if the process or injunction is directed against obedience to an order of the first court, the reason being that it is in the best interests of justice that the matter be yielded to the jurisdiction of the other court.

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