

PAQUITO V. ANDO, PETITIONER, VS. ANDRESITO Y. CAMPO, ET AL., RESPONDENTS.

G.R. No. 184007. February 16, 2011

Ponente: NACHURA, J.

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NACHURA, J.:

Before this Court is a Petition for Review on Certiorari[1] under Rule 45 of the Rules of Court. Petitioner Paquito V. Ando (petitioner) is assailing the Decision[2] dated February 21, 2008 and the Resolution[3] dated July 25, 2008 of the Court of Appeals (CA) in CA-G.R. CEB-SP. No. 02370.

Petitioner was the president of Premier Allied and Contracting Services, Inc. (PACSI), an independent labor contractor. Respondents were hired by PACSI as pilers or haulers tasked to manually carry bags of sugar from the warehouse of Victorias Milling Company and load them on trucks.[4] In June 1998, respondents were dismissed from employment. They filed a case for illegal dismissal and some money claims with the National Labor Relations Commission (NLRC), Regional Arbitration Branch No. VI, Bacolod City.[5]

On June 14, 2001, Labor Arbiter Phibun D. Pura (Labor Arbiter) promulgated a decision, ruling in respondents' favor.[6] PACSI and petitioner were directed to pay a total of P422,702.28, representing respondents' separation pay and the award of attorney's fees.[7]

Petitioner and PACSI appealed to the NLRC. In a decision[8] dated October 20, 2004, the NLRC ruled that petitioner failed to perfect his appeal because he did not pay the supersedeas bond. It also affirmed the Labor Arbiter's decision with modification of the award for separation pay to four other employees who were similarly situated. Upon finality of the decision, respondents moved for its execution.[9]

To answer for the monetary award, NLRC Acting Sheriff Romeo Pasustento issued a Notice of Sale on Execution of Personal Property[10] over the property covered by Transfer Certificate of Title (TCT) No. T-140167 in the name of "Paquito V. Ando x x x married to Erlinda S. Ando."

This prompted petitioner to file an action for prohibition and damages with prayer for the issuance of a temporary restraining order (TRO) before the Regional Trial Court (RTC), Branch 50, Bacolod City. Petitioner claimed that the property belonged to him and his wife, not to the corporation, and, hence, could not be subject of the execution sale. Since it is the corporation that was the judgment debtor, execution should be made on the latter's properties.[11]

On December 27, 2006, the RTC issued an Order[12] denying the prayer for a TRO, holding that the trial court had no jurisdiction to try and decide the case. The RTC ruled that, pursuant to the NLRC Manual on the Execution of Judgment, petitioner's remedy was to file a third-party claim with the NLRC Sheriff. Despite lack of jurisdiction, however, the RTC went on to decide the merits of the case.

Petitioner did not file a motion for reconsideration of the RTC Order. Instead, he filed a petition for certiorari under Rule 65[13] before the CA. He contended that the RTC acted without or in excess of jurisdiction or with

grave abuse of discretion amounting to lack or excess of jurisdiction in issuing the Order. Petitioner argued that the writ of execution was issued improvidently or without authority since the property to be levied belonged to him - in his personal capacity - and his wife. The RTC, respondent contended, could stay the execution of a judgment if the same was unjust.[14] He also contended that, pursuant to a ruling of this Court, a third party who is not a judgment creditor may choose between filing a third-party claim with the NLRC sheriff or filing a separate action with the courts.[15]

In the Decision now assailed before this Court, the CA affirmed the RTC Order in so far as it dismissed the complaint on the ground that it had no jurisdiction over the case, and nullified all other pronouncements in the same Order. Petitioner moved for reconsideration, but the motion was denied.

Petitioner then filed the present petition seeking the nullification of the CA Decision. He argues that he was never sued in his personal capacity, but in his representative capacity as president of PACSI. Neither was there any indication in the body of the Decision that he was solidarily liable with the corporation.[16] He also concedes that the Labor Arbiter's decision has become final. Hence, he is not seeking to stop the execution of the judgment against the properties of PACSI. He also avers, however, that there is no evidence that the sheriff ever implemented the writ of execution against the properties of PACSI.[17]

Petitioner also raises anew his argument that he can choose between filing a third-party claim with the sheriff of the NLRC or filing a separate action.[18] He maintains that this special civil action is purely civil in nature since it "involves the manner in which the writ of execution in a labor case will be implemented against the property of petitioner which is not a corporate property of PACSI." [19] What he is seeking to be restrained, petitioner maintains, is not the Decision itself but the manner of its execution.[20] Further, he claims that the property levied has been constituted as a family home within the contemplation of the Family Code.[21]

The petition is meritorious.

Initially, we must state that the CA did not, in fact, err in upholding the RTC's lack of jurisdiction to restrain the implementation of the writ of execution issued by the Labor Arbiter.

The Court has long recognized that regular courts have no jurisdiction to hear and decide questions which arise from and are incidental to the enforcement of decisions, orders, or awards rendered in labor cases by appropriate officers and tribunals of the Department of Labor and Employment. To hold otherwise is to sanction splitting of jurisdiction which is obnoxious to the orderly administration of justice.[22]

Thus, it is, first and foremost, the NLRC Manual on the Execution of Judgment that governs any question on the execution of a judgment of that body. Petitioner need not look further than that. The Rules of Court apply only by analogy or in a suppletory character.[23]

Consider the provision in Section 16, Rule 39 of the Rules of Court on third-party claims:

SEC. 16. Proceedings where property claimed by third person.--If the property levied on is claimed by any person other than the judgment obligor or his agent, and such person makes an affidavit of his title thereto or right to the possession thereof, stating the grounds of such right or title, and serves the same upon the officer making the levy and a copy thereof upon the judgment obligee, the officer shall not be bound to keep the property, unless such judgment obligee, on demand of the officer, files a bond approved by the court to indemnify the third-party claimant in a sum not less 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. No claim for damages for the taking or keeping of the property may be enforced against the bond unless the action therefor is filed within one hundred twenty (120) days from the date of the filing of the bond.

The officer shall not be liable for damages for the taking or keeping of the property, to any third-party claimant if such bond is filed. Nothing herein contained shall prevent such claimant or any third person from vindicating his claim to the property in a separate action, or prevent the judgment obligee from claiming damages in the same or a separate action against a third-party claimant who filed a frivolous or plainly spurious claim.

When the writ of execution is issued in favor of the Republic of the Philippines, or any officer duly representing it, the filing of such bond shall not be required, and in case the sheriff or levying officer is sued for damages as a result of the levy, he shall be represented by the Solicitor General and if held liable therefor, the actual damages adjudged by the court shall be paid by the National Treasurer out of such funds as may be appropriated for the purpose.

On the other hand, the NLRC Manual on the Execution of Judgment deals specifically with third-party claims in cases brought before that body. It defines a third-party claim as one where a person, not a party to the case, asserts title to or right to the possession of the property levied upon.[24] It also sets out the procedure for the filing of a third-party claim, to wit:

SECTION 2. Proceedings. -- If property levied upon be claimed by any person other than the losing party or his agent, such person shall make an affidavit of his title thereto or right to the possession thereof, stating the grounds of such right or title and shall file the same with the sheriff and copies thereof served upon the Labor Arbiter or proper officer issuing the writ and upon the prevailing party. Upon receipt of the third party claim, all proceedings with respect to the execution of the property subject of the third party claim shall automatically be suspended and the Labor Arbiter or proper officer issuing the writ shall conduct a hearing with due notice to all parties concerned and resolve the validity of the claim within ten (10) working days from receipt thereof and his decision is appealable to the Commission within ten (10) working days from notice, and the Commission shall resolve the appeal within same period.

There is no doubt in our mind that petitioner's complaint is a third-party claim within the cognizance of the NLRC. Petitioner may indeed be considered a "third party" in relation to the property subject of the execution vis-à-vis the Labor Arbiter's decision. There is no question that the property belongs to petitioner and his wife, and not to the corporation. It can be said that the property belongs to the conjugal partnership, not to petitioner alone. Thus, the property belongs to a third party, i.e., the conjugal partnership. At the very least, the Court can consider that petitioner's wife is a third party within contemplation of the law.

The Court's pronouncements in *Deltaventures Resources, Inc. v. Hon. Cabato*[25] are instructive:

Ostensibly the complaint before the trial court was for the recovery of possession and injunction, but in essence it was an action challenging the legality or propriety of the levy vis-a-vis the alias writ of execution, including the acts performed by the Labor Arbiter and the Deputy Sheriff implementing the writ. The complaint was in effect a motion to quash the writ of execution of a decision rendered on a case properly within the jurisdiction of the Labor Arbiter, to wit: Illegal Dismissal and Unfair Labor Practice. Considering the factual setting, it is then logical to conclude that the subject matter of the third party claim is but an incident of the labor case, a matter beyond the jurisdiction of regional trial courts.

x x x x

x x x. Whatever irregularities attended the issuance an execution of the alias writ of execution should be referred to the same administrative tribunal which rendered the decision. This is because any court which issued a writ of execution has the inherent power, for the advancement of justice, to correct errors of its ministerial officers and to control its own processes.

The broad powers granted to the Labor Arbiter and to the National Labor Relations Commission by Articles 217, 218 and 224 of the Labor Code can only be interpreted as vesting in them jurisdiction over incidents

arising from, in connection with or relating to labor disputes, as the controversy under consideration, to the exclusion of the regular courts.[26]

There is no denying that the present controversy arose from the complaint for illegal dismissal. The subject matter of petitioner's complaint is the execution of the NLRC decision. Execution is an essential part of the proceedings before the NLRC. Jurisdiction, once acquired, continues until the case is finally terminated,[27] and there can be no end to the controversy without the full and proper implementation of the commission's directives.

Further underscoring the RTC's lack of jurisdiction over petitioner's complaint is Article 254 of the Labor Code, to wit:

ART. 254. INJUNCTION PROHIBITED. - No temporary or permanent injunction or restraining order in any case involving or growing out of labor disputes shall be issued by any court or other entity, except as otherwise provided in Articles 218 and 264 of this Code.

That said, however, we resolve to put an end to the controversy right now, considering the length of time that has passed since the levy on the property was made.

Petitioner claims that the property sought to be levied does not belong to PACSI, the judgment debtor, but to him and his wife. Since he was sued in a representative capacity, and not in his personal capacity, the property could not be made to answer for the judgment obligation of the corporation.

The TCT[28] of the property bears out that, indeed, it belongs to petitioner and his wife. Thus, even if we consider petitioner as an agent of the corporation - and, therefore, not a stranger to the case - such that the provision on third-party claims will not apply to him, the property was registered not only in the name of petitioner but also of his wife. She stands to lose the property subject of execution without ever being a party to the case. This will be tantamount to deprivation of property without due process.

Moreover, the power of the NLRC, or the courts, to execute its judgment extends only to properties unquestionably belonging to the judgment debtor alone.[29] A sheriff, therefore, has no authority to attach the property of any person except that of the judgment debtor.[30] Likewise, there is no showing that the sheriff ever tried to execute on the properties of the corporation.

In sum, while petitioner availed himself of the wrong remedy to vindicate his rights, nonetheless, justice demands that this Court look beyond his procedural missteps and grant the petition.

WHEREFORE, the foregoing premises considered, the petition is GRANTED. The Decision dated February 21, 2008 and the Resolution dated July 25, 2008 of the Court of Appeals in CA-G.R. CEB-SP. No. 02370 are hereby REVERSED and SET ASIDE, and a new one is entered declaring NULL and VOID (1) the Order of the Regional Trial Court of Negros Occidental dated December 27, 2006 in Civil Case No. 06-12927; and (2) the Notice of Sale on Execution of Personal Property dated December 4, 2006 over the property covered by Transfer Certificate of Title No. T-140167, issued by the Acting Sheriff of the National Labor Relations Commission.

SO ORDERED.

Carpio, (Chairperson), Peralta, Abad, and Mendoza, JJ., concur.

[1] Rollo, pp. 26-48.

[2] Penned by Associate Justice Priscilla Baltazar-Padilla, with Associate Justices Isaias P. Dicdican and Franchito N. Diamante, concurring; rollo, pp. 50-59.

[3] Id. at 75-77.

[4] CA rollo, p. 191.

[5] Rollo, pp. 50-51.

[6] CA rollo, pp. 191-199.

[7] Id. at 198.

[8] Id. at 200-204.

[9] Rollo, p. 51.

[10] CA rollo, pp. 72-73.

[11] Rollo, p. 51.

[12] CA rollo, pp. 41-44.

[13] Id. at 2-40.

[14] Id. at 16.

[15] Id. at 26-27.

[16] Rollo, p. 33.

[17] Id. at 34.

[18] Id. at 35.

[19] Id. at 36.

[20] Id. at 37.

[21] Id. at 39.

[22] *Air Services Cooperative v. CA*, 354 Phil. 905, 916 (1998), citing *Balais v. Hon. Velasco*, 322 Phil. 790, 807 (1996).

[23] 2005 Revised Rules of Procedure of the National Labor Relations Commission, Section 3. Suppletory Application of the Rules of Court. - In the absence of any applicable provision in these Rules, and in order to effectuate the objectives of the Labor Code, the pertinent provisions of the Rules of Court of the Philippines may, in the interest of expeditious dispensation of labor justice and whenever practicable and convenient, be applied by analogy or in a suppletory character and effect.

[24] NLRC Manual on the Execution of Judgment, Rule VI, Sec. 1.

[25] 384 Phil. 252, 260 (2000).

[26] Id. at 260-261. (Citations omitted.)

[27] *Mariño, Jr. v. Gamilla*, 490 Phil. 607, 620 (2005), citing *A' Prime Security Services, Inc. v. Hon. Drilon*, 316 Phil. 532, 537 (1995).

[28] CA rollo, p. 109.

[29] *Go v. Yamane*, G.R. No. 160762, May 3, 2006, 489 SCRA 107, 124; *Yao v. Hon. Perello*, 460 Phil. 658, 662

(2003); *Co Tuan v. NLRC*, 352 Phil. 240, 250 (1998).

[30] *Johnson and Johnson (Phils.), Inc. v. CA*, 330 Phil. 856, 873 (1996).

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