

PURIFICACION Y. MANLIGUEZ, ANTONINA Y. LUIS AND BENJAMIN C. YBANEZ, PETITIONERS, VS. THE COURT OF APPEALS, ET AL., RESPONDENTS.

G.R. No. 92598. May 20, 1994

Ponente: PUNO, J.

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PUNO, J.:

This is an appeal by certiorari from the Decision of the Court of Appeals,[1] dated November 16, 1989, denying due course to and dismissing the petition in CA-G.R. SP NO. 18017.[2]

The case at bench finds its roots in the Decision of the Department of Labor and Employment (Region VII), ordering Inductocast Cebu, a partnership based in Mandaue City, to pay its former employees a total of P232,908.00. As a consequence of the judgment, the labor department's regional sheriff levied the buildings and improvements standing on Lot 109, Plan 11-5121-Amd., at Tipolo, Mandaue City. The levied properties (hereinafter referred to as the "Tipolo properties") were subsequently sold at public auction to said employees.

On May 25, 1988, petitioners filed with the RTC of Cebu City, 7th Judicial Branch, a Complaint[3] which sought the lifting of the levy over, and annulment of the sale of, the Tipolo properties. The Complaint was docketed as Civil Case No. Ceb-6917, and raffled to Branch 8 of the trial court. Petitioners therein alleged that: they are the owners of the Lot 109; they entered into a lease agreement with Inductocast Cebu over Lot 109; the lease contract provided that, except for machineries and equipment, all improvements introduced in the leased premises shall automatically be owned by the Lessor (petitioners) upon the expiration/termination of the contract;[4] the lease agreement was terminated by petitioners in November, 1980 due to non-payment of rentals by Inductocast Cebu;[5] thereafter, petitioners took actual possession of and occupied the Tipolo properties. Petitioners likewise alleged in their Complaint that they became aware of the labor dispute involving Inductocast only after the impugned public auction sale.[6]

Atty. Danilo Pilapil, claiming to be the John Doe named in the Complaint, filed a motion to dismiss on the ground that the trial court had no jurisdiction over the case. The buyers of the Tipolo properties, as intervenors, also filed a motion to dismiss on the same ground. Both motions, which were opposed by petitioners, were denied.

The intervenors, however, moved for reconsideration of the denial. In an Order dated April 18, 1989, the trial court granted the motion and dismissed Civil Case No. Ceb-6917. It held that the civil case "is actually in the nature of a quashal of the levy and the certificate of sale, a case arising out of a dispute that was instituted by the previous employees of Inductocast before the Department of Labor and Employment, Region 7." [7] Citing *Pucan vs. Bengzon*, 155 SCRA 692 (1987), it held it had no jurisdiction over the case since the levy and sale "are connected with the case within the exclusive jurisdiction of the Department of Labor and Employment." [8]

Petitioners questioned the dismissal of their Complaint to the respondent Court of Appeals, through a petition for certiorari and preliminary injunction.[9] The appellate court, in its impugned Decision, denied the petition as it held:

"To Our minds, the issue on what forum the case must be tried or heard is a settled one. The Department of Labor is the agency upon which devolves the jurisdiction over disputes emanating from and in relation with labor controversies to the exclusion of the regular courts.

"The issue in the case at bar concerns the levy of a property in pursuance to a writ of execution, arising out of labor disputes. There can be no doubt that jurisdiction pertains to the Department of Labor.

"xxx xxx xxx

"In the light of the factual antecedents and incidents that transpired in the hearing of this case at bar, the (trial court) correctly ruled that indeed the Department of Labor has jurisdiction over the case. Consequently, WE see no abuse of discretion let alone a grave one, amounting to lack or in excess of its jurisdiction correctible with a writ of certiorari.

"Indeed, the issue of granting or denying a motion to dismiss is addressed to the sound discretion of the court, and in the absence of a capricious and whimsical exercise of power, certiorari will not lie."

Thus, this appeal where petitioners contend:

"THE RESPONDENT APPELLATE COURT ERRED IN HOLDING THAT THE DEPARTMENT OF LABOR HAS JURISDICTION ON THE SUBJECT MATTER AND NATURE OF THE CASE AS AGAINST THE CIVIL COURT."

We find merit in the appeal. Firstly, respondent court erred in holding that the trial court does not have jurisdiction over the case filed by petitioners. It is at once evident that the Civil Case No. Ceb-6917 is not a labor case. No employer-employee relationship exists between petitioners and the other parties, and no issue is involved which may be resolved by reference to the Labor Code, other labor statutes, or any collective bargaining agreement. Neither can we characterize petitioner's action before the trial court as arising out of a labor dispute. It was not brought to reverse or modify the judgment of the Department of Labor and Employment (DOLE). Neither did it question the validity of, or pray for, the quashal of the writ of execution against Inductocast.

What is to be litigated in Civil Case No. Ceb-6917 is the issue of ownership over the Tipolo properties. Clearly, it is the RTC and not the labor department which can take cognizance of the case, as provided by B.P. Blg. 129 ("An Act Reorganizing the Judiciary, Appropriating Funds Therefor, and For Other Purposes"), thus:

"Sec. 19. Jurisdiction in civil cases. ?- Regional Trial Courts shall exercise exclusive original jurisdiction:

x x x

(2) In all civil actions which involve the title to, or possession of real property, or any interest therein, except actions for forcible entry into and unlawful detainer of lands or buildings, original jurisdiction over which is conferred upon Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts;

x x x"

The action taken by petitioners before the RTC asserting their ownership over the levied properties is mandated by Section 17, Rule 39 of the Revised Rules of Court. Time and again, we have held that:

"Under Section 17, Rule 39, a third person who claims property levied upon on execution may vindicate such claim by action. x x x The right of a person who claims to be the owner of property levied upon on execution to file a third-party claim with the sheriff is not exclusive, and he may file an action to vindicate his claim even if the judgment creditor files an indemnity bond in favor of the sheriff to answer for any damages that may be suffered by the third-party claimant. By 'action,' as stated in the Rule, what is meant is a separate and independent action." [10]

Secondly, it is incorrect to argue that the trial court cannot take cognizance of Civil Case No. Ceb-6917 without interfering with the writ of attachment and writ of execution of a co-equal body. It is settled that the levy and sale of property by virtue of a writ of attachment is lawful only when the levied property indubitably belongs to the defendant. If property other than those of the defendant is attached and sold by the sheriff, he acts beyond the limits of his and the court's authority.[11] In this regard, we held in the case of *Uy, Jr. vs. Court of Appeals*, 191 SCRA 275 (1991) that:

"The main issue in this case is whether or not properties levied and seized by virtue of a writ of attachment and later by a writ of execution, were under custodia legis and therefore not subject to the jurisdiction of another co-equal court where a third party claimant claimed ownership of the same properties.

"The issue has long been laid to rest in the case of *Manila Herald Publishing Co., Inc. v. Ramos* (88 Phil 94 [1951]) where the Court ruled that while it is true that property in custody of the law may not be interfered with, without the permission of the proper court, this rule is confined to cases where the property belongs to the defendant or one in which the defendant has proprietary interests. But when the Sheriff, acting beyond the bounds of his office seizes a stranger's property, the rule does not apply and interference with his custody is not interference with another court's order of attachment."

Also, in the more recent case of *Santos vs. Bayhon*, 199 SCRA 525 (1991), we stated, viz.:

"The general rule that no court has the power to interfere by injunction with the judgments or decrees of another court with concurrent or coordinate jurisdiction possessing equal power to grant injunctive relief, applies only when no third-party claimant is involved x x x. When a third party, or stranger to the action, asserts a claim over the property levied upon, the claimant may vindicate his claim by an independent action in the proper civil court which may stop the execution of the judgment on property not belonging to the judgment debtor" (Citations omitted.)

Finally, it must be noted that the *Pucan* case relied upon by respondent court is inapplicable to the case at bench which involves a third-party claim over property levied on execution. In *Pucan*, we enjoined the Regional Trial Court from acting on the petition for damages and prohibition against the enforcement of the writ of execution issued by the NCR director of the then Ministry of Labor and Employment in a labor case for the following reason:

"A perusal of the petition for damages and prohibition filed by *Saulog Transit, Inc.*, in the lower court reveals that basically, what was being questioned was the legality or propriety of the alias writ of execution dated March 1, 1985, as well as the acts performed by the Ministry officials in implementing the same. In other words, the petition was actually in the nature of a motion to quash the writ; and with respect to the acts of the Ministry officials, a case growing out of a labor dispute, as the acts complained of, were perpetrated during the execution of a decision of the then Minister of Labor and Employment. However characterized, jurisdiction over the petition pertains to the Labor Ministry, now Department and not the regular courts. This conclusion is evident, not only from the provisions of Article 224(b) of the Labor Code, but also of Article 218, as amended by *Batas Pambansa Blg. 227* in connection with Article 255 of the same Code.

"xxx xxx xxx

"Apparently, *Saulog Transit, Inc.* was misled by its own prayer for actual, moral and exemplary damages. It believed that such additional cause of action could clothe the petition with the mantle of a regular action cognizable by the regular courts. It was, of course, mistaken for the fact remains that the acts complained of are mere incidents of a labor dispute. Such prayer therefore did not alter the complexion of the case as one arising from a labor dispute, but was subsumed by the nature of the main case, over which the regular courts had no jurisdiction, much less the power to issue a temporary or permanent injunction or restraining order. xxx"[12]

In fine, we prohibited the action before the trial court in Pucan because it attacked the regularity of the issuance of the alias writ of execution in the labor case, which is but an incident of the labor dispute. This is not so in the case at bench where the civil case filed by petitioners does not even collaterally attack the validity of the DOLE's writ of attachment. On the contrary, petitioners in Civil Case No. Ceb-6917 pray for the trial court's ruling that the DOLE's judgment could not be validly executed on the Tipolo properties, which allegedly do not belong to Inductocast.

IN VIEW WHEREOF, the petition for review is GRANTED. The Decision of the Court of Appeals in CA-G.R. SP No. 18017, dated November 16, 1989, is REVERSED and SET ASIDE. The Regional Trial Court of Cebu City, Branch 8 is ordered to try Civil Case Ceb-6917 on its merit. No costs.

SO ORDERED.

Padilla, (Acting Chairman), Quiason, and Vitug, JJ., concur.
Narvasa, C.J., and Regalado, J., on official leave.

[1] Through its Special First Division, composed of Associate Justices Bonifacio A. Cacdac, Jr. (ponente and acting chairman), Cecilio L. Pe, and Jesus M. Elbinias.

[2] Entitled "Purificacion Y. Manliguez, et al. vs. Hon. Bernardo Ll. Salas, et al. . "

[3] Entitled "Purification Y. Manliguez, Antonina Y. Luib and Benjamin C. Ybanez represented by Taciana c. Ybanez vs. Emilio Lomontad, Celerino Villahermosa, Register of Deeds of Mandaue City, Mandaue City Assessor and John Doe."

[4] Complaint, p. 3; Rollo, p. 60.

[5] Annex "E", Complaint; Rollo, p. 75.

[6] Complaint, p. 5; Rollo, p. 62.

[7] RTC's Order, dated April 18, 1989, p. 4; Rollo, p. 84.

[8] Ibid..

[9] Docketed as CA-G.R. SP No. 18017.

[10] Bayer vs. Agana, 63 SCRA 358 (1975); Abiera vs. Court of Appeals, supra; Lorenzana vs. Cayetano, 78 SCRA 485 (1977); Sampaguita Pictures, Inc. vs. Jalwindor Manufacturers, Inc., supra.

[11] See Manila Herald Publishing Co., Inc. vs. Ramos, 88 Phil. 94 (1951); Abiera vs. Court of Appeals, supra; Sampaguita Pictures, Inc. vs. Jalwindor Manufacturers, Inc., supra; Escovilla, Jr. vs. Court of Appeals, 179 SCRA 108 (1989); Uy, Jr. vs. Court of Appeals, 191 SCRA 275 (1991); Santos vs. Bayhon, 199 SCRA 525 (1991).

[12] Pucan vs. Bengzon, 155 SCRA 692, 699-700.

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