

“Y” TRANSIT CO., INC., PETITIONER, VS. THE NATIONAL LABOR RELATIONS COMMISSION AND YUJUICO TRANSIT EMPLOYEES UNION (ASSOCIATED LABOR UNION), MANUEL VILLARTA, RESPONDENTS.

G.R. Nos. 88195-96. January 27, 1994

Ponente: ROMERO, J.

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ROMERO, J.:

This is a special civil action for certiorari filed by "Y" Transit Co., Inc. for the annulment of the decision of the National Labor Relations Commission, the dispositive portion of which reads as follows:

"WHEREFORE, the appealed Order should be as it is hereby REVERSED reinstating the levy made by the Sheriff on July 13 and 16, 1982. Accordingly, the sale of the levied properties may proceed pursuant to existing laws.

SO ORDERED."[1]

The antecedent facts of the case are as follows:

In March 1960 and sometime thereafter, Yujuico Transit Co., Inc., mortgaged ten (10) of its buses to the Development Bank of the Philippines (DBP) to secure a loan in the amount of P2,795,129.36. Thereafter, the Board of Directors of Yujuico Transit Co., Inc. passed a resolution authorizing its President, Jesus Yujuico to enter into a dacion en pago arrangement with the DBP, whereby Jesus Yujuico would transfer to the DBP the Saint Martin Technical Institute in consideration of the full settlement of the obligations of three companies, one of which was Yujuico Transit Co., Inc. Accordingly, on or about October 24, 1978, the transfer of the property was made and DBP released the mortgages constituted on the buses of Yujuico Transit Co., Inc. Consequently, the company transferred the ownership of its mortgaged properties, including the buses, to Jesus Yujuico.

Meanwhile, sometime in June and July 1979, the Yujuico Transit Employees Union (Associated Labor Union) filed two (2) consolidated complaints against Yujuico Transit Co., Inc. for Unfair Labor Practice and violations of Presidential Decrees Nos. 525, 1123, 1614 and 851 (non-payment of living allowances).

On May 21, 1980, Jesus Yujuico sold the subject buses to herein petitioner "Y" Transit Co., Inc. for P3,485,400.00.

Or July 23, 1981, the Labor Arbiter rendered a decision dismissing the complaint for unfair labor practice but holding Yujuico Transit Co., Inc. liable under the aforementioned Presidential Decrees in the amount of P142,790.49. On February 9, 1982, a writ of execution for the said amount was issued by the Labor Arbiter. On June 14, 1982, an alias writ of execution was issued and levy was made upon the ten (10) buses. Thereafter, "Y" Transit Co., Inc. filed Affidavits of Third Party Claim.

Private respondents herein opposed the Third Party claim on the ground that the transactions leading to the

transfer of the buses to "Y" Transit Co., Inc. were void because they lacked the approval of the BOT as required by the Public Service Act. They also argued that the buses were still registered in the name of Yujuico Transit Co. which was, therefore, still the lawful owner thereof.

The Labor Arbiter found that "Y" Transit Co., Inc. had valid title to the buses and that the BOT, by its subsequent acts had approved the transfer. The decision stated further, thus:

"The fact that the registration certificates of most of the vehicles in question are still in the name of Yujuico Transit Co., Inc. at the time of levy on execution does not militate against the claimant. Registration of a motor vehicle is not the operative act that transfers ownership, unlike in land registration cases. Furthermore, the evidence shows that the claimant cannot be faulted for its failure to have the certificates of registration transferred in its own name. Prior to the levy, claimant had already paid for the transfer fee, the fee for the cancellation of mortgage and other fees required by the BLT. Moreover, the registration fees of the vehicles whose last digit of their plate numbers made the vehicles due for registration were already paid for by the claimant (Exhibits 'N' to 'N-7'). Therefore, there was already a constructive registration made by the claimant (Mariano B. Arroyo vs. Maria Corazon Yu de Sane, et. al., 54 Phil. 511, 518), sufficient notice to affect the rights of third-parties. It is now ministerial on the part of the BLT to issue the Registration Certificates in the name of the claimant, but the same was held in abeyance pending the computerization of the records of BOT on public utility vehicles. On all fours is the ruling of the Supreme Court in Mariano B. Arroyo vs. Ma. Corazon Yu de Sane, 54 Phil. 511, which upheld the right of PNB as mortgagee over motorized water vessels as superior over the rights of a judgment creditor who had already secured a writ of attachment and execution over the vessels, it appearing that the delay was caused by the Collector of Customs' uncertainty as to the necessity of the registration of the vessels."[2]

Accordingly, the Third-Party Claim was granted and the release of all the buses levied for execution was ordered.

On appeal, the NLRC reversed the labor arbiter's decision on the ground that the transfer of the buses lacked the BOT approval. It ordered the reinstatement of the levy and the auction of the properties.

"Y" Transit Co., Inc. thereafter filed this special civil action for certiorari under Rule 65 of the Rules of Court praying for the issuance of a Restraining Order and/or a Writ of Preliminary Injunction and for the annulment of the NLRC decision as it was issued with grave abuse of discretion amounting to lack of jurisdiction.

In this petition, "Y" Transit Co., Inc. raised the following issue, to wit:

"I

The public respondent NLRC committed palpable legal error and grave abuse of discretion amounting to lack of jurisdiction when it held that there was no valid transfer of ownership in favor of the petitioner, completely disregarding the preponderance of evidence and the existing jurisprudence which support the validity of the transfer of ownership to the petitioner."[3]

On July 6, 1989, petitioner filed a motion to cite Labor Arbiter Benigno C. Villarente, Jr. for contempt of court and for the issuance of an order for the immediate release of the property. Petitioner argues that the Labor Arbiter refused to release the vehicles levied on June 5, 1989 despite notice that a TRO has been issued by the Supreme Court; that there was no reason to hold on to the levy as petitioner had already posted a bond to answer for the damages and award in the above-entitled case; that the labor arbiter wrongly required the payment of storage charges and sheriff's fees before releasing the levied buses.

Did public respondent commit grave abuse of discretion in reinstating the levy on the buses which have been allegedly transferred to a third party, herein petitioner "Y" Transit Co., Inc.?

We rule in the negative.

The following facts have been established before the NLRC: that the transfer of ownership from Yujuico Transit Co., Inc. to Jesus Yujuico, and from Jesus Yujuico to "Y" Transit Co., Inc. lacked the prior approval of the BOT as required by Section 20 of the Public Service Act;^[4] that the buses were transferred to "Y" Transit Co., Inc. during the pendency of the action; and that until the time of execution, the buses were still registered in the name of Yujuico Transit Co., Inc.

In *Montoya v. Ignacio*,^[5] we held:

"x x x The law really requires the approval of the Public Service Commission in order that a franchise, or any privilege pertaining thereto, may be sold or leased without infringing the certificate issued to the grantee. The reason is obvious. Since a franchise is personal in nature any transfer or lease thereof should be notified to the Public Service Commission so that the latter may take proper safeguards to protect the interest of the public. In fact, the law requires that, before the approval is granted, there should be a public hearing with notice to all interested parties in order that the commission may determine if there are good and reasonable grounds justifying the transfer or lease of the property covered by the franchise, or if the sale or lease is detrimental to public interest. Such being the reason and philosophy behind this requirement, it follows that if the property covered by the franchise is transferred, or leased to another without obtaining the requisite approval, the transfer is not binding against the Public Service Commission and in contemplation of law, the grantee continues to be responsible under the franchise in relation to the Commission and to the public. x x x

It may be argued that Section 16, paragraph (h) provides in its last part that 'nothing herein contained shall be construed to prevent the sale, alienation, or lease by any public utility of any of its property in the ordinary course of business,' which gives the impression that the approval of the Public Service Commission is but a mere formality which does not affect the effectivity of the transfer or lease of the property belonging to a public utility. But such provision only means that even if the approval has not been obtained the transfer or lease is valid and binding between the parties although not effective against the public and the Public Service Commission. The approval is only necessary to protect public interest." (Underscoring ours)

There being no prior BOT approval in the transfer of the property from Yujuico Transit Co., Inc. to Jesus Yujuico, it only follows that as far as the BOT and third parties are concerned, Yujuico Transit Co., Inc. still owned the properties, and Yujuico, and later, "Y" Transit Co., Inc. only held the same as agents of the former. In *Tamayo v. Aquino*,^[6] the Supreme Court stated, thus:

"x x x In operating the truck without transfer thereof having been approved by the Public Service Commission, the transferee acted merely as agent of the registered owner and should be responsible to him (the registered owner) for any damages that he may cause the latter by his negligence."

Conversely, where the registered owner is liable for obligations to third parties and vehicles registered under his name are levied upon to satisfy his obligations, the transferee of such vehicles cannot prevent the levy by asserting his ownership because as far as the law is concerned, the one in whose name the vehicle is registered remains to be the owner and the transferee merely holds the vehicles for the registered owner. Thus, "Y" Transit Co., Inc. cannot now argue that the buses could not be levied upon to satisfy the money judgment in favor of herein private respondents. However, this does not deprive the transferee of the right to recover from the registered owner any damages which may have been incurred by the former since the x x x transfer or lease is valid and binding between the parties x x x.^[7] Thus, had there been any real contract between "Y" Transit Co., Inc. and Yujuico Transit Co., Inc. or "Y" Transit Co., Inc. and Jesus Yujuico regarding the sale or transfer of the buses, the former may avail of its remedies to recover damages.

Regarding the Motion for Contempt filed by petitioner, we are constrained to deny the same since the Order to levy upon petitioner's alleged properties was issued even before the issuance by this Court of a temporary restraining order. From the records, it appeared that Labor Arbiter Villarente ordered the public auction of the

subject properties on May 12, 1989. The sheriff levied on the properties on June 5, 1989. The Supreme Court issued the Temporary Restraining Order on June 19, 1989 and this was received by the Labor Arbiter on June 22, 1989. On June 28, 1989, the Labor Arbiter directed the sheriff to release the two buses already levied upon by him.

Likewise, we find no error in requiring petitioner to pay the storage fees prior to the release of the properties. Storage costs are imposed in accordance with the provisions of Rule IX of the NLRC Manual of Instructions for Sheriffs, to wit:

"Sec. 3. Storing of Levied Property. - To avoid pilferage of or damage to levied property, the same shall be inventoried and stored in a bonded warehouse, wherever available, or in a secured place as may be determined by the sheriff with notice to and conformity of the losing party or third party claimant. In case of disagreement, the same shall be referred to the Labor Arbiter or proper officer who issued the writ of execution for proper disposition. For this purpose, sheriffs should inform the Labor Arbiter or proper officer issuing the writ of the corresponding storage fees, furnishing him as well as the parties with a copy of the inventory. The storage fees shall be shouldered by the losing party."

WHEREFORE, in view of the foregoing, this petition is hereby DISMISSED.

The Motion to Cite Labor Arbiter Benigno Villarente, Jr. is DENIED and petitioner is ordered to PAY storage costs and sheriff's fees.

This decision is immediately executory.

SO ORDERED.

Feliciano, (Chairman), Bidin, Melo, and Vitug, JJ., concur.

[1] Rollo, p. 36.

[2] Rollo, pp. 28-29.

[3] Ibid, p. 11.

[4] Section 20. Acts requiring the approval of the Commission. - Subject to established limitations and exceptions and saving provisions to the contrary, it shall be unlawful for any public service or for the owner, lessee or operator thereof, without the approval and authorization of the Commission previously had --

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(g) To sell, alienate, mortgage, encumber or lease its property, franchises, certificates, privileges, or rights or any part thereof; or merge or consolidate its property, franchises privileges or rights, or any part thereof, with those of any other public service. The approval herein required shall be given, after notice to the public and after hearing the persons interested at a public hearing, if it be shown that there are just and reasonable grounds for making the mortgage or encumbrance, for liabilities of more than one year maturity, or the sale, alienation, lease, merger, or consolidation to be approved, and that the same are not detrimental to the public interest, and in case of a sale, the date on which the same is to be consummated shall be fixed in the order of approval: Provided, however, that nothing herein contained shall be construed to prevent the transaction from being negotiated or completed before its approval or to prevent the sale, alienation, or lease by any public service of any of its property in the ordinary course of its business.

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[5] 94 Phil. 182 (1953).

[6] 105 Phil. 949 (1959).

[7] Montoya v. Ignacio, *supra*.

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