



Republic of the Philippines
Supreme Court
 Baguio City

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 WILFREDO V. LAPIDAN
 Division Clerk of Court
 Third Division

JUL 04 2019

THIRD DIVISION

**CONGRESS OF INDEPENDENT
 ORGANIZATION-ASSOCIATED
 LABOR UNIONS (CIO-ALU),**
 Petitioner,

G.R. No. 204971

Present:

PERALTA, J.,
Chairperson,
 LEONEN,
 REYES, A., JR.,
 GESMUNDO,* and
 CARANDANG,** JJ.

- versus -

**COURT OF APPEALS and the
 METROPOLITAN BANK AND
 TRUST COMPANY,**
 Respondents.

Promulgated:

April 10, 2019

X-----X

DECISION

REYES, A., JR., J.:

This petition assails the ruling of the Court of Appeals (CA) in its Decision* dated April 23, 2012 and Resolution** dated September 26, 2012, in CA-G.R. SP No. 02479, which set aside the Resolutions dated September 21, 2006¹ and October 31, 2006² issued by the National Labor Relations Commission (NLRC) in the course of execution proceedings in three (3) cases for money claims before the NLRC Regional Arbitration Branch (RAB) No. VI, Bacolod City.

* Designated as additional Member per Raffle dated January 30, 2019 *vice* Associate Justice Ramon Paul L. Hernando.

** Designated as additional Member per Special Order No. 2624 dated November 28, 2018.

♦ Penned by Associate Justice Pampio A. Abarintos, with Associate Justices Ramon Paul L. Hernando (now a member of this Court) and Nina G. Antonio-Valenzuela concurring; *rollo*, pp. 32-55.

♦♦ Penned by Associate Justice Pampio A. Abarintos, with Associate Justices Ramon Paul L. Hernando (now a member of this Court) and Melchor Q. C. Sadang concurring; *id.* at 58-58A.

¹ Penned by Commissioner Aurelio D. Menzon, with the concurrence of Commissioner Oscar S. Uy, and Presiding Commissioner Gerardo C. Nograles took no part; *id.* at 202-212.

² *Id.* at 231-235.

As found by the CA and borne out by the record, the facts are as follows:

Congress of Independent Organizations-Associated Labor Unions (CIO-ALU)³ is a legitimate labor organization which represents the workers in San Carlos Milling Company, Inc. (SCMCI). CIO-ALU is among the complainants in three (3) cases⁴ against SCMCI for unpaid wage increases, 13th month pay, differential pay, holiday pay, and separation pay. All three cases were eventually decided in favor of the SCMCI workers. The controversy before the Court arose during the consolidated proceedings for the execution of the aforesaid judgments. It all started from the Notice of Levy dated February 9, 2006 issued by Sheriff Enrique Y. Paredes (Sheriff Paredes), advising the authorized representative or agents of SCMCI that he has to attach properties found inside the premises of SCMCI, more particularly described as follows:

1. Forty-five (45) trailers;
2. Mill Department (including all accessories and other scrap materials found inside the premises);
3. Fabrication and Boiling House Department (including all accessories and other scrap materials found inside the premises);
4. Electrical and Power House Department (including all accessories and other scrap materials found inside the premises);
5. Scrap Payloader, Bulldozers and two (2) Dump Trucks;
6. Scattered Mill Rollers and other scrap materials found within the compound of SCMCI; and
7. Machine Shop Department (including all accessories and other scrap materials found inside the premises).⁵

Thereafter, Sheriff Paredes issued a “Notice of Sale on Execution of Some Properties” mentioned in the Notice of Levy. The notice indicates that the auction sale has to be conducted on February 21, 2006.⁶

Proceedings at the RAB Level

Upon learning of the impending auction sale, Metropolitan Bank and Trust Company (MBTC) filed a Third-Party Claim alleging, *inter alia*, that: it is the owner of the properties to be levied pursuant to a certificate of sale⁷ issued to it after the public auction sale of the real and personal properties of SCMCI, including all land, buildings, machineries, equipment, and vehicles

³ Also referred to as “CIO-ALO” in some parts of the records.

⁴ RAB Case No. 06-11-10805-97 (*Congress of Independent Organizations-Associated Labor Unions v. San Carlos Milling Company, Inc.*); RAB Case Nos. 06-10-10408-95, 06-03-10528-96, 03-06-10242-97 and NLRC V-00075-99 (*Wilfredo Senador, et al. v. San Carlos Milling Company, Inc.*); and RAB Case No. 06-07-10673-99 (*Placido Alcano, et al. v. San Carlos Milling Company, Inc.*)

⁵ *Rollo*, pp. 34 and 333.

⁶ *Id.* at 334.

⁷ *Id.* at 237-239.

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located within the SCMCI Compound in San Carlos City, Negros Occidental, conducted on December 1, 1999, where it emerged as the highest bidder; the public auction sale was conducted after SCMCI defaulted on a Mortgage Trust Indenture (MTI) in favor of MBTC as trustee, under which SCMCI mortgaged in favor of MBTC several real and personal properties located in SCMCI's compound; and due to SCMCI's failure to comply with its loan obligations under the terms and conditions of the MTI, MBTC as the trustee of the creditors under the MTI, instituted proceedings to foreclose the mortgaged properties. MBTC claimed a superior right over the properties to be levied since it has long acquired said properties in a foreclosure sale being the highest bidder.

On February 20, 2006, Executive Labor Arbiter Danilo C. Acosta (ELA Acosta) issued an Order⁸ (hereinafter referred to as the February 2006 Acosta Order) approving MBTC's Third-Party Claim, the pertinent portions of which read:

Finding the aforecited Third-Party Claim to be proper and in order, and pursuant to Rule 31, Section 12 of the 2005 Revised NLRC Rules of Procedure, we hereby grant the same and the auction sale scheduled on February 21, 2006 has to be suspended pending resolution of the said third-party claim.

WHEREFORE, premises considered, [Sheriff Paredes] and his deputies are hereby ordered to defer the conduct of the auction as scheduled.

SO ORDERED.⁹

CIO-ALU, subsequently, filed an *ex-parte* motion to post indemnity bond which was granted by ELA Acosta in an Order¹⁰ dated June 9, 2006 (hereinafter referred to as the June 2006 Acosta Order), the pertinent portions of which read:

Perusal of the record and the supporting documents attached thereto, we find the third-party claim to be meritorious insofar as those items enumerated therein and as contained in the Certificate of Sale hereto attached as Annex "A", Affidavit of Third-Party Claim. Thus, the Sheriff may only proceed with the auction sale of those properties excluded from the list of the properties already owned by the third party claimant. x x x.

As to the urgent *ex-parte* Motion to post indemnity bond filed by complainant CIO-ALO through counsel, in RAB CASE No. 05-10-10805-98, this Office resolves in the affirmative upon finding that the same is in accordance with the internal rules of this Commission on execution of judgment.

⁸ Id. at 252-253.

⁹ Id.

¹⁰ Id. at 254-256.

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WHEREFORE, premises considered, the Third-Party Claim filed by Metrobank, through its authorized official as aforementioned, is hereby Granted and ordering the Sheriff, (sic) this Office to proceed with the auction sale of those items not included in the said third-party claim to satisfy the balance of the judgment award for the complainants herein.

Further, granting the complainant CIO-ALO's motion to post indemnity bond in RAB Case No. 06-11-10805-98 in order to proceed with the auction sale of those properties not covered by the Third-Party Claim herein granted.

SO ORDERED.¹¹

Pursuant to the June 2006 Acosta Order, Sheriff Paredes issued a Notice of Sale of Properties on June 27, 2006, setting the auction sale for July 7, 2006, viz.:

WHEREAS, by virtue of the Alias Writ of Execution, Writ of Execution issued by Hon. Danilo Acosta, Executive Labor [Arbiter] and a Writ of Execution issued by Romulo P. Sumalinog, Labor Arbiter, respectively, NLRC, RAB VI, Bacolod City, at the above-entitled case, and for the recovery of the sums of SIX MILLION SEVENTY[-]FOUR THOUSAND FOUR HUNDRED FIFTY and 75/100 PESOS (P6,074,450.75); FOUR MILLION NINE HUNDRED FIFTY[-]FIVE THOUSAND ONE HUNDRED THIRTY and 18/100 PESOS (P4,955,130.18); and ONE MILLION SIX HUNDRED FIFTY THOUSAND FOUR HUNDRED [SEVENTY-]SEVEN PESOS (P1,650,477.00), respectively, plus legal fees and expenses, LEVY was made by the undersigned Sheriff upon the properties of the respondents, more particularly described as follows, to wit:

- a.) Forty-five (45) trailers;
- b.) Mill Dept. (including all accessories and other scrap materials found inside the premises;
- c.) Fabrication and Boiling House Department (including all accessories and other scrap materials found inside the premises);
- d.) Electrical and Power House Department (including all accessories and other scrap materials found inside the premises);
- e.) Scrap Payloader, Bulldozers and two (2) Dump Tr[u]cks;
- f.) Scattered Mill Rollers and other scrap materials found within the compound of [SCMCI]; and
- g.) Machine Shop Department (including all accessories and other scrap materials found inside the premises).¹²

On July 4, 2006, MBTC, without waiving its right to question the Notice of Sale issued by Sheriff Paredes, moved to quash the Writ of Execution and to cite Sheriff Paredes in contempt.

¹¹ Id. at 255-256.

¹² As quoted in the CA decision, id. at 37.



In the meantime, CIO-ALU filed an Urgent Motion for Reconsideration against the June 2006 Acosta Order, praying that the NLRC Sheriff be ordered to re-schedule the public auction sale of the movable and immovable properties of SCMCI located at San Carlos City, Negros Occidental, previously levied by virtue of an Alias Writ of Execution. ELA Acosta granted the Urgent Motion for Reconsideration in an Order¹³ dated July 4, 2006 (hereinafter referred to as the July 2006 Acosta Order), ratiocinating that the NLRC Fourth Division had previously rendered a Decision¹⁴ dated February 2, 2005 dismissing an appeal filed by MBTC as third-party claimant in one of the three antecedent cases. Pertinent portions of the said July 2006 Acosta Order read:

After a cursory reading and evaluation of the above-mentioned APPEAL of the Third Party-Complainant-Appellant [MBTC], et al., marked as Exhibit "B" of the Complainants-Movants, and taking into consideration the above-mentioned DECISION promulgated on 02 February 2005 and the RESOLUTION promulgated on May 19, 2005 by the Honorable Commission, Fourth Division, Cebu City, all in connection with NLRC Case No. V-000154-2002 (RAB Case No. 06-0810563-08) aforementioned, this Office finds the Complainants-Movants' Urgent Motion for Reconsideration dated June 27, 2006 justifiable and with merit.

WHEREFORE, premises considered, this Office hereby reconsiders its ORDER dated June 9, 2006 as the same affects the above-mentioned NLRC Case No. V-000673-2001 (RAB Case No. 06-11-10805-98) and NLRC Case No. V-000154-2002 (RAB Case No. 06-0810563-98), by denying the Third-Party Claim filed by Metrobank through its authorized official as above-mentioned, and hereby ordering the Sheriff of this Office to re-schedule in the earliest possible time the public auction sale, which was previously suspended, and to proceed with the public auction sale of the movable and personal properties of the [SCMCI] located at San Carlos City, Negros Occidental, previously levied upon by him by virtue of the Alias Writ of Execution for the execution of the final and executory decision/s of this Honorable Office in the above-entitled cases, upon the filing of the indemnity bond by the Complainants, in accordance with the provisions of Section 2, Rule VI of the NLRC Manual on Execution of Judgment.

In case of resistance which may prevent, or otherwise defy the mandate of the above-mentioned Alias Writ of Execution, you may secure the assistance of the Military or any PNP member in the locality for the peaceful and orderly implementation of the same.

SO ORDERED.¹⁵

On July 14, 2006, MBTC filed a Notice of Appeal/Appeal Memorandum¹⁶ questioning the July 2006 Acosta Order. Nevertheless, on July 17, 2006, Sheriff Paredes proceeded with the levy and auction of the

¹³ Id. at 266-269.

¹⁴ The Decision does not appear in the *rollo* but is referred to, and the dispositive portion thereof quoted, in a subsequent NLRC resolution which appears in *rollo*, pp. 264-265.

¹⁵ *Rollo*, pp. 268-269.

¹⁶ Id. at 270-291.



items listed in the Notice of Sale, with CIO-ALU emerging as the highest bidder.¹⁷

On July 18, 2006, ELA Acosta issued a Break Open Order¹⁸ commanding the NLRC Sheriff to proceed to the premises of SCMCI and satisfy the judgment awards in favor of the SCMCI workers.

On July 20 and 21, 2006, the Sheriff garnished and auctioned some of the properties of SCMCI. Aggrieved, MBTC filed a petition for injunction with prayer for temporary restraining order¹⁹ with the NLRC Fourth Division.

On July 27, 2006, the NLRC issued a Temporary Restraining Order (TRO)²⁰ enjoining ELA Acosta, Sheriff Paredes and any person acting under their authority, as well as CIO-ALU and the SCMCI workers, from executing in whole or in part upon the properties subject of MBTC's third-party claim.

Ruling of the NLRC

On August 15, 2006, the NLRC Fourth Division rendered a Decision²¹ (hereinafter referred to as the August 2006 NLRC Decision) giving due course to MBTC's petition for injunction and invalidating the July 2006 Acosta Order. The NLRC also sustained MBTC's third-party claim. The NLRC, likewise, issued a permanent prohibitory injunction enjoining CIO-ALU from interfering with the proprietary rights of MBTC as the lawful owner of the properties previously owned by SCMCI. The NLRC also ordered Sheriff Paredes to submit a complete inventory of the items/properties levied or auctioned pursuant to the July 18, 2006 Break Open Order and to cause its restitution to MBTC.

CIO-ALU sought reconsideration of the August 2006 NLRC Decision, which was denied by the NLRC in a Resolution²² dated September 21, 2006 (hereinafter referred to as the September 2006 NLRC Resolution), *viz.*:

WHEREFORE, premises considered, it is hereby clarified that the Writ of Permanent Prohibitory Injunction issued on August 15, 2006 should only include those properties either real or personal specifically mentioned in the Certificate of Sale dated December 1, 1999. Conversely,

¹⁷ Id. at 121.

¹⁸ Id. at 293-294.

¹⁹ Id. at 295-319.

²⁰ Id. at 322-331.

²¹ Penned by Commissioner Aurelio D. Menzon, Commissioner Oscar S. Uy concurring, and Presiding Commissioner Gerardo C. Nograles took no part; id. at 332-374.

²² Id. at 202-212.



those which are not mentioned in the Certificate of Sale are deemed excluded from the ownership of third-party claimant Metrobank (Trustee).

All aspects of the Decision promulgated on April 15, 2006 STAND.

SO ORDERED.²³

Post-NLRC Ruling Proceedings

On September 26, 2006, notwithstanding the permanent injunction issued by the NLRC, ELA Acosta issued an Order²⁴ directing Sheriff Paredes to implement the June 2006 Acosta Order to satisfy the judgment award. Aggrieved, MBTC filed a Motion to Recall Break Open Order and an Urgent *Ex-Parte* Motion for Inventory/Accounting.

Acting upon MBTC's motion for inventory and accounting, ELA Acosta issued an Order²⁵ dated October 2, 2006 which reads in part:

[T]he Sheriff of this Office is hereby ordered to immediately conduct and submit a detailed inventory with accounting report of the items/properties garnished, taken or mentioned from the [SCMCI] Plant, San Carlos City. Moreover, [Sheriff Paredes], and any/all of his authorized representative/agents are hereby ordered to temporarily suspend the further execution of the decision rendered in the above-entitled cases and the implementation of the Break Open Order dated September 26, 2006 until the detailed inventory with accounting report is submitted to this office.²⁶

On October 4, 2006, MBTC filed an *Ex-Parte* Manifestation with the NLRC RAB No. VI of Bacolod City submitting therein copies of the Third-Party Appraisal Reports of all items that have taken out by Sheriff Paredes from the premises of SCMCI Plant.

In compliance with the Order dated October 2, 2006, Sheriff Paredes submitted his Report²⁷ which reads in part as follows:

Pursuant to the Order dated October 2, 2006, issued in the above-entitled cases, the undersigned Sheriff respectfully submits his return involving the items/properties garnished and taken out of the [SCMCI] as evidenced by the receipts hereto attached.

The Third-Party Appraisal Reports dated April 4, 2006 and October 4, 2006 attached to the *Ex-Parte* Manifestation of the Third-Party Claimant-Appellant Metrobank dated October 4, 2006 furnished by the

²³ Id. at 211.

²⁴ Id. at 377-378.

²⁵ Id. at 379-380.

²⁶ Id.

²⁷ Id. at 383-384.



undersigned, is hereby referred to you for your proper proceedings and ruling thereon.²⁸

Thereafter, Sheriff Paredes filed a Supplemental Sheriff's Report,²⁹ manifesting that since he is not a duly licensed appraiser, he is adopting the Third-Party Appraisal Reports dated August 4, 2006 and October 4, 2006 submitted by MBTC.

On October 16, 2006, ELA Acosta issued an Order³⁰ (hereinafter referred to as the October 2006 Acosta Order) stating to the effect that with the adoption by Sheriff Paredes of the Third-Party Appraisal Reports, the judgment award was considered fully satisfied. Thus, the remaining items/properties found inside the premises of SCMCI are no longer subject to any further execution by Sheriff Paredes.

However, the NLRC on October 31, 2006 issued a Resolution³¹ (hereinafter referred to as the October 2006 NLRC Resolution) denying MBTC's motion for reconsideration from its Resolution of September 21, 2006. The NLRC ruled that the Appraisal Report should not be the basis for determining how much was taken to satisfy the judgment award. It further held that "what determines whether the judgment award has been fully satisfied is the amount actually paid to the complainants" (*i.e.*, CIO-ALU).

CIO-ALU, then, filed a motion to implement³² the October 2006 NLRC Resolution before the NLRC RAB No. VI in Iloilo City.

In an Order³³ dated November 13, 2006, ELA Acosta directed Sheriff Paredes to implement the writs of execution against SCMCI. He, likewise, issued a break open order so that the Sheriff can take possession of items not belonging to MBTC.

Sheriff Paredes resumed the execution of the judgment award and took the properties covered by the Certificate of Sale issued to MBTC. To protect its rights and interests, MBTC instituted a complaint³⁴ for reconveyance and recovery of personal properties with damages against CIO-ALU and Sheriff Paredes, which was docketed as Civil Case No. RTC-963 and raffled to Branch 59 of the Regional Trial Court (RTC) of San Carlos City, Negros Occidental. The RTC, then, issued an Order dated January 22, 2007 enjoining CIO-ALU and the Sheriff of the NLRC from conducting further execution on all the properties located in the

²⁸ Id. at 384.

²⁹ Id. at 385-386.

³⁰ Id. at 387.

³¹ Id. at 231-236.

³² Id. at 388-390.

³³ Id. at 391-392.

³⁴ Id. at 393-429.



SCMCI compound/plant, effective upon MBTC's filing of a bond in the sum of ₱500,000.00 in addition to the bond posted by CIO-ALU in the amount of ₱500,000.00.³⁵

On January 23, 2007, MBTC filed a petition for *certiorari*³⁶ with the CA, assailing the September 2006 and October 2006 NLRC Resolutions. Later, MBTC filed a Supplemental Petition,³⁷ substantially alleging that the NLRC issued yet another Resolution dated November 29, 2007 holding that it is still premature for ELA Acosta to declare that the judgment award is fully satisfied. According to MBTC, the October 2006 NLRC resolution erroneously held that the satisfaction of the judgment award can only be determined by the actual distribution of the total proceeds of the auction sale to CIO-ALU and the workers it represents. MBTC, likewise, contended that the NLRC erred in ordering the continued execution of other properties of MBTC without taking into account the Sheriff's Report declaring that the judgment award due to CIO-ALU and the workers it represents had already been fully satisfied.³⁸

MBTC moved for a partial reconsideration of the Resolution dated November 29, 2007, but the same was denied by the NLRC in its Resolution of January 29, 2008.³⁹

In a Decision⁴⁰ dated April 8, 2011, the RTC dismissed MBTC's petition for reconveyance. MBTC sought reconsideration, but was denied in an Order⁴¹ dated June 2, 2011.

Ruling of the CA

On April 23, 2012, the CA rendered the assailed Decision⁴² in favor of MBTC, the dispositive portion of which reads:

WHEREFORE, in view of the foregoing premises, the petition for certiorari and prohibition is hereby **GRANTED** for being meritorious. Accordingly, the Court sets aside the Resolutions of the NLRC dated September 21, 2006 and October 31, 2006 and reinstates the August 15, 2006 Decision of the NLRC. Further, the Court directs the NLRC Sheriff, the NLRC, or any of its deputies, officers, or agents and all other persons acting under its instructions from further executing other properties of MBTC whether real or personal found inside the premises of [SCMCI].

³⁵ Id. at 922-923.

³⁶ Id. at 149-201.

³⁷ See CA Resolution dated September 20, 2010, id. at 640.

³⁸ See CA Decision dated April 23, 2012, id. at 43.

³⁹ Id. at 44.

⁴⁰ Rendered by Presiding Judge Danilo R. Amisola; id. at 90-130.

⁴¹ Id. at 147-148.

⁴² Id. at 32-55.



SO ORDERED.⁴³

The CA resolved two basic issues, namely, whether or not the NLRC erred: 1) in ordering the levy of the properties in question; and 2) in not recognizing Sheriff Paredes' report stating that the judgment awards have been fully satisfied.

Regarding the issue of the propriety of the levy, the CA ruled that CIO-ALU can no longer levy on the properties in dispute, on the basis of the following factual findings and conclusions: 1) that MBTC has become the owner of all the buildings, improvements, machinery, and equipment erected on the SCMCI compound, by virtue of the Certificate of Sale awarded to MBTC after the foreclosure of SCMCI's mortgage trust indenture; 2) that the August 2006 NLRC Decision upholding MBTC's third-party claim had become final and executory, hence, CIO-ALU can no longer dispute the existence of MBTC's third-party claim; and 3) that the monetary award in the three cases amounting to ₱12,690,057.00, excluding execution fees, has already been satisfied by prior auction sales conducted by the NLRC Sheriff, a fact which is confirmed by the October 2006 Acosta Order.

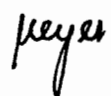
On the issue of the full satisfaction of the judgments, the CA disagreed with the NLRC's ruling that the judgments can only be considered fully satisfied upon actual distribution to the CIO-ALU members of the total proceeds of the auction sales. The appellate court was of the opinion that the actual distribution of the funds is not the function of the NLRC but of its Sheriff; and in the absence of sufficient evidence to prove that CIO-ALU was prevented from taking possession of the properties subject of the successful auction sales, greater weight must be accorded to the finding in the October 2006 Acosta Order that the judgments have already been fully satisfied.

CIO-ALU filed a motion for reconsideration, which the appellate court denied in the assailed Resolution⁴⁴ dated September 26, 2012; hence, the present petition which raises the following issues:

1. THE HONORABLE CA GRAVELY ABUSED ITS JUDICIAL DISCRETION IN GRANTING AND DECLARING THE MBTC'S PETITION FOR *CERTIORARI* AND PROHIBITION TO BE MERITORIOUS NOTWITHSTANDING THE ADMISSIONS OF THE MBTC WHICH REFUTE THE MBTC'S THIRD-PARTY CLAIM; and

⁴³ Id. at 54-55.

⁴⁴ Penned by Associate Justice Pampio A. Abarintos, with Associate Justices Ramon Paul L. Hernando (now a member of this Court) and Melchor Quirino C. Sadang concurring; id. at 58-58A.



2. THE HONORABLE CA GRAVELY ABUSED ITS DISCRETION BY RELYING ON TECHNICALITIES AND DISREGARDING SUBSTANTIVE LAW.⁴⁵

CIO-ALU contends that MBTC's third-party claim has no merit, for two reasons: 1) it is contrary to certain admissions made by MBTC in its pleadings to the effect that it is not claiming all the properties which may be found in the premises of SCMCI; and 2) the RTC already denied MBTC's petition for reconveyance which raises in issue the very same matter involved in the execution proceedings, *i.e.*, the ownership of the properties subject of the execution. CIO-ALU, likewise, faults the CA for granting MBTC's petition on the basis of technicalities and without resolving the question of what constitutes full satisfaction of the judgment awards in the case at bar.

Ruling of the Court

The petition should be dismissed.

Prefatorily, it must be noted that while the petition filed by CIO-ALU with the Court was denominated as a "Petition for Review on *Certiorari*" presumably under Rule 45 of the Revised Rules of Court, its contents betray its actual nature as a petition for *certiorari* under Rule 65. The caption of the petition reads: "*For: CERTIORARI under Rule 65 of the 1997 Rules on Civil Procedure.*"⁴⁶ The Prefatory Statement of the petition opens, thus:

This is a Petition for Review on *Certiorari* under Sections 1 and 2 of Rule 65 of the 1997 Rules on Civil Procedure to annul and/or set aside the DECISION of the Honorable Court of Appeals' FORMER SPECIAL EIGHTEENTH DIVISION promulgated on April 23, 2012 x x x.⁴⁷ (Underscoring Ours)

More tellingly, the issues raised by the petition as quoted above, allege grave abuse of discretion on the part of the CA in rendering the assailed decision and resolution. However, *certiorari* is not the proper remedy from a decision of the CA in a labor proceeding. The process of reviewing decisions of the labor tribunals has been settled with clarity in the leading case of *St. Martin Funeral Home v. NLRC*,⁴⁸ where the Court held that review of NLRC decisions must be made before the CA by petition for *certiorari* under Rule 65; and then before this Court by petition for review under Rule 45,⁴⁹ for the special civil action of *certiorari* is a distinct remedy

⁴⁵ Id. at 23.

⁴⁶ Id. at 7.

⁴⁷ Id.

⁴⁸ 356 Phil. 811 (1998).

⁴⁹ RULES OF COURT, Rule 45, Section 1; *Fuji Television Network, Inc. v. Espiritu*, 749 Phil. 388, 394 (2014). See also *Perez v. CA*, 250 Phil. 244 (1988), holding that the remedy from a denial of a petition for *certiorari* and prohibition by the trial court is an ordinary appeal to the CA.

from, and not a substitute for, appeal by *certiorari* under Rule 45.⁵⁰ Even if We exercise our judicial discretion and consider the petition as one for review on *certiorari* under Rule 45, We would still be constrained to deny the petition for being filed out of time. CIO-ALU received the assailed CA resolution on October 18, 2012;⁵¹ thus, it had 15 days⁵² from that date, or until November 2, 2012, to file the petition. However, the petition was filed only on December 28, 2012 – almost two months after the reglementary period under the Rules of Court had lapsed.

While the petition is dismissible on this point alone, the Court, nevertheless, discusses the substantive aspects of the case in order to render complete justice to the parties. The issues raised by CIO-ALU essentially involve the question of whether or not further levies may be made on the properties located at the SCMCI's premises.

The resolution of this issue is complicated by the existence of two rulings on MBTC's third-party claim: the August 2006 NLRC Decision granting such claim, and the 2011 RTC decision which dismissed it. The August 2006 NLRC Decision pertains to the properties enumerated in the third-party claim brought by MBTC in the execution proceedings.⁵³ On the other hand, the issue resolved in the RTC decision is "whether the machineries, equipment and other materials levied upon and sold on public auction by the NLRC Sheriff, as enumerated in the Certificate of Sale dated July 17, 2006, are included in the Certificate of Sale in favor of [MBTC] arising from the Mortgage Trust Indenture." A perusal of the two decisions shows that they both involve the same properties, *viz.*:

1. Forty-five (45) trailers;
2. Mill Dept. (including all accessories and other scrap materials found inside the premises);
3. Fabrication and Boiling House Department (including all accessories and other scrap materials found inside the premises);
4. Electrical and Power House Department (including all accessories and other scrap materials found inside the premises);
5. Scrap Payloader, Bulldozers and two (2) Dump Trucks;
6. Scattered Mill Rollers and other scrap materials found within the compound of [SCMCI]; and
7. Machine Shop Department (including all accessories and other scrap materials found inside the premises).⁵⁴

In ruling for MBTC, the August 2006 NLRC Decision simply held that MBTC was able to establish ownership of the above-listed properties by virtue of the December 1, 1999 certificate of sale. On the other hand, the RTC decision rendered in 2011 held that MBTC failed to discharge the

⁵⁰ *People v. Sandiganbayan*, 490 Phil. 105, 113-114 (2005).

⁵¹ *Rollo*, p. 9.

⁵² RULES OF COURT, Rule 45, Section 2.

⁵³ *Supra* note 4.

⁵⁴ *Rollo*, pp. 34 and 333.

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burden of proving that the above-listed properties were included in the properties itemized in MBTC's 1999 Certificate of Sale. MBTC sought recourse with the trial court after the rendition of the September 2006 and October 2006 NLRC Resolutions which had the ultimate effect of furnishing basis for the continued execution against the properties MBTC claims as its own.

What is clear at this point is that MBTC is indeed the owner of all the properties listed in the December 1, 1999 certificate of sale. However, as ruled by the NLRC in its September 2006 Resolution, MBTC's ownership of properties located within the premises of SCMCI extends only to such listed properties and the accessories thereto; but not to *all* properties which may be found in the said premises. It follows, therefore, that any property of SCMCI not acquired by MBTC in the foreclosure sale may still be levied upon. Nevertheless, the evidence on record strongly indicates that there is no more need for further levies on execution at this point. Noteworthy is the fact that CIO-ALU's petition contains no allegation regarding the amount of the remaining deficiency in the judgment which would necessitate further levy. On the other hand, in the course of the proceedings before the RTC, it was proven that a Certificate of Sale dated July 17, 2006 had been issued to CIO-ALU as the sole and highest bidder in an auction sale conducted by Sheriff Paredes.⁵⁵ Furthermore, the LA and the CA both agree that there have been enough properties levied to satisfy the judgment. As the CA observed:

It is worth stressing that the monetary award due the private respondents reached an aggregate amount of P12,690,057.00 excluding the execution fees. In the implementation of the writs, the NLRC sheriff had already conducted several auction sales, one of which was evidenced by a **Contract of Sale dated July 17, 2006 wherein private respondent CIO-ALU was awarded as the highest bidder of certain equipment or machineries such as trailers, payloaders, etc. found inside the premises of SCMCI valued at P6,575,610.00.** Subsequent auction sales were conducted until the Sheriff made a report that the monetary judgment has already been satisfied. In fact, no less than the Executive Labor Arbiter Acosta has confirmed that there was full satisfaction of the judgment award. This can be gleaned from his Order dated October 16, 2006 x x x.⁵⁶ (Emphasis Ours)

ELA Acosta's confirmation of the satisfaction of the judgment awards is based primarily on the October 4, 2006 *Ex-Parte* Manifestation filed by MBTC⁵⁷ which states that Sheriff Paredes had already taken properties appraised at P24 Million during levies conducted in July and September 2006; the October 5, 2006 Sheriff's Report⁵⁸ submitted by Sheriff Paredes, which is a return on the writs of execution in the three (3) consolidated cases filed by CIO-ALU and the SCMCI workers; and the

⁵⁵ Id. at 121.

⁵⁶ Id. at 49.

⁵⁷ Id. at 381-382.

⁵⁸ Id. at 383-384.

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Supplemental Sheriff's Report dated October 11, 2006,⁵⁹ whereby Sheriff Paredes adopted the findings of the appraisal reports submitted by MBTC together with its *Ex-Parte* Manifestation. Taken together, these pieces of evidence constitute sufficient proof that Sheriff Paredes has levied enough property to satisfy the judgment debt. It is, therefore, clear that there is no need for further levies in this case.

Nevertheless, a completed levy does not automatically mean that the judgment has already been satisfied. It has been held that mere levy on property of sufficient value to cover the judgment award does not operate as a satisfaction of the judgment, but merely as a *prima facie* evidence or a presumption of satisfaction.⁶⁰ Under the Rules of Court, which applies suppletorily to the NLRC Execution Manual,⁶¹ a levy only creates a lien over the property in favor of the judgment obligee.⁶² In order to afford full satisfaction of the judgment from the levied property, an execution sale must be conducted,⁶³ and the proceeds therefrom be used to satisfy the judgment debt.⁶⁴ Therefore, a money judgment is satisfied only upon payment of the judgment award⁶⁵ or the issuance of a certificate of sale in favor of the judgment creditor after the conduct of an execution sale.⁶⁶

In the case at bar, the CA gravely erred in concluding that the judgments have been fully satisfied. The evidence relied upon by ELA Acosta and the appellate court, *i.e.*, MBTC's *Ex-Parte* Manifestation and the two Reports submitted by Sheriff Paredes, only establishes that there is enough property already levied for the satisfaction of the judgment. However, there is no evidence on record which would indicate that these properties have already been sold and the proceeds thereof distributed to the SCMCI workers in full satisfaction of the judgment. Based on the writs of execution, the total amount due under the three judgments is ₱12,650,058.83.⁶⁷ However, the July 17, 2006 Certificate of Sale is only in the amount of ₱6,575,610.00, leaving a balance of ₱6,074,448.83. The CA decision mentions "subsequent auction sales" made after the issuance of the July 17, 2006 Certificate of Sale, but does not cite any particular evidence to support such an assertion.

⁵⁹ Id. at 385-386.

⁶⁰ 30 Am. Jur. 2d §§341-342, citing *Union Cent. Life Ins. Co. Schiedler*, 130 Ind. 214, 29 N.E. 1071; *Smith v. Condon*, 174 Mass. 550, 55 N.E. 324; *Churchill v. Warren*, 2 NH 298; *United States v. Dashiel*, 70 U.S. 688; *Doughty v. Meek*, 105 Iowa 16, 74 N.W. 744; *Reed P Co. v. Crosthwait*, 6 Iowa 219; *Doe ex dem. Shelton v. Hamilton*, 23 Miss. 296; *Kershaw v. Merchants' Bank of New York*, 8 Miss. 386; and *Cravens v. Wilson*, 48 Tex. 324. As regards real property, levy does not even create a presumption of satisfaction, as it does not interfere with the debtor's possession thereof. 30 Am Jur 2d §342, citing *United States v. Dashiel*, 70 U.S. 688, 3 Wall. 688, 18 L. Ed. 268.

⁶¹ 2002 NLRC Manual on Execution of Judgment. Rule I, Section 3.

⁶² RULES OF COURT, Rule 39, Section 12.

⁶³ RULES OF COURT, Rule 39, Section 9(b).

⁶⁴ 2 Jose Y. Feria and Maria Concepcion S. Noche, *Civil Procedure Annotated* 177 (2013).

⁶⁵ RULES OF COURT, Rule 39, Section 9.


⁶⁶ *Ngo Bun Tiong v. Judge Sayo, et al.*, 245 Phil. 245, 252 (1988).

⁶⁷ Writ of Execution in RAB Case No. 06-11-10805-97 (₱4,955,130.18) [*CIO-ALU v. SCMCI*]; Alias Writ of Execution in RAB Case No. 06-10-10408-95 to 97 (₱6,074,450.75) [*Wilfredo Senador, et al. v. SCMCI*]; Writ of Execution in RAB Case No. 06-07-10673-99 (₱1,620,477.90) [*Placido Alcano, et al. v. SCMCI*]. *Rollo*, pp. 240-247.

However, this erroneous conclusion of the appellate court cannot inure to the benefit of CIO-ALU, for it has been established by the record that the judgment in its favor has been fully satisfied by virtue of the July 17, 2006 Certificate of Sale.⁶⁸ The amount stated in the said Certificate of Sale (₱6,575,610.00) far exceeds the amount awarded to CIO-ALU by virtue of the judgment in RAB Case No. 06-11-10805-97 (₱4,955,130.18).⁶⁹ At this point, the Court reiterates the fact that this petition stemmed from three separate cases against SCMCI which were consolidated only at the execution stage.⁷⁰ However, the prevailing parties in the two other cases, namely, Wilfredo Senador, *et al.*⁷¹ and Placido Alcano, *et al.*,⁷² did not join CIO-ALU in filing the present petition before this Court; hence, in the absence of proof that they authorized CIO-ALU to bring the present petition in their behalf, the binding effect of this decision can only extend to CIO-ALU, whose judgment has already been satisfied and over whom the NLRC and this Court, perforce, no longer have jurisdiction. Therefore, the proper party to invoke the non-satisfaction of the two other judgments are the complainants who obtained those judgments, Wilfredo Senador, *et al.* and Placido Alcano, *et al.*, who, unfortunately, did not come before this Court to vindicate their rightful claims. Stated differently, by their failure to appeal therefrom, the CA decision had become final and binding as against them.⁷³

WHEREFORE, premises considered, the petition is hereby **DISMISSED**. The Decision dated April 23, 2012, and the Resolution dated September 26, 2012 of the Court of Appeals in CA-G.R. SP No. 02479 are hereby **AFFIRMED**.

SO ORDERED.


ANDRES B. REYES, JR.
Associate Justice

⁶⁸ *Rollo*, p. 121.

⁶⁹ Writ of Execution in RAB Case No. 06-11-10805-97; *id.* at 240-243.

⁷⁰ *See* February 2006 Acosta Order, *id.* at 252-253; June 2006 Acosta Order, *id.* at 254; July 2006 Acosta Order, *id.* at 266; August 2006 NLRC Decision, *id.* at 332; September 2006 NLRC Resolution, *id.* at 202; and October 2006 NLRC Resolution, *id.* at 231.

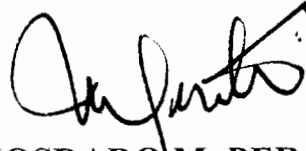
⁷¹ Complainants in RAB Case No. 06-10-10408-95 to 99.

⁷² The Complainants in RAB Case No. 06-07-10673-99 are Placido Alcano, Simeon Aba, Jesus Alsonado, Cypriano Labay, Hector Las Piñas, Eleno Jaboni, and Alberto Español. CA decision, *rollo*, p. 33.

⁷³ RULES OF COURT, Rule 39, Section 47(b); *Tulento v. Judge Escalada, Jr., et al.*, 578 Phil. 1021, 1028-1029 (2008); *Lapulapu Dev't. & Housing Corp. v. Group Mgt. Corp.*, 437 Phil. 297, 313-314 (2002).



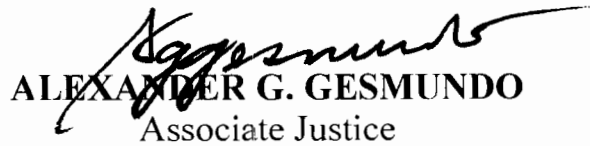
WE CONCUR:



DIOSDADO M. PERALTA
Associate Justice
Chairperson



MARVIC M.V.F. LEONEN
Associate Justice



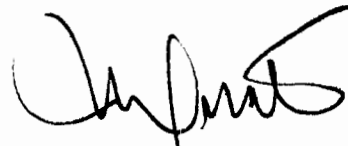
ALEXANDER G. GESMUNDO
Associate Justice



ROSMAR D. CARANDANG
Associate Justice

ATTESTATION

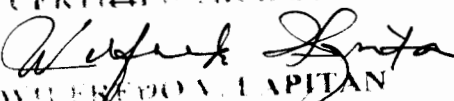
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

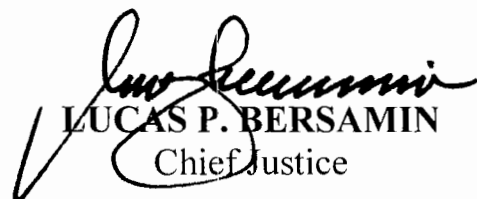


DIOSDADO M. PERALTA
Associate Justice
Chairperson, Third Division

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.

CERTIFIED TRUE COPY

WELFREDO V. LAPITAN
Division Clerk of Court
Third Division



LUCAS P. BERSAMIN
Chief Justice

JUL 04 2019