

## THIRD DIVISION

[ G.R. No. 204971, April 10, 2019 ]

**CONGRESS OF INDEPENDENT ORGANIZATION-ASSOCIATES  
LABOR UNIONS (CIO-ALU), PETITIONER, V. COURT OF APPEALS  
AND THE METROPOLITAN BANK AND TRUST COMPANY,  
RESPONDENTS.**

### D E C I S I O N

**A. REYES, JR., J.:**

This petition assails the ruling of the Court of Appeals (CA) in its Decision<sup>[\*]</sup> dated April 23, 2012 and Resolution<sup>[\*\*]</sup> dated September 26, 2012, in CA-G.R. SP No. 02479, which set aside the Resolutions dated September 21, 2006<sup>[1]</sup> and October 31, 2006<sup>[2]</sup> 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.

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)<sup>[3]</sup> 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) cases<sup>[4]</sup> against SCMCI for unpaid wage increases, 13<sup>th</sup> 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).<sup>[5]</sup>

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.<sup>[6]</sup>

*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 sale<sup>[7]</sup> issued to it after the public auction sale of the real and personal properties of SCMCI, including all land, buildings, machineries, equipment, and vehicles 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 Order<sup>[8]</sup> (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.<sup>[9]</sup>

CIO-ALU, subsequently, filed an *ex-parte* motion to post indemnity bond which was granted by ELA Acosta in an Order<sup>[10]</sup> 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.

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.<sup>[11]</sup>

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).<sup>[12]</sup>

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.

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 Order<sup>[13]</sup>

dated July 4, 2006 (hereinafter referred to as the July 2006 Acosta Order), ratifying that the NLRC Fourth Division had previously rendered a Decision<sup>[14]</sup> 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.<sup>[15]</sup>

On July 14, 2006, MBTC filed a Notice of Appeal/Appeal Memorandum<sup>[16]</sup> questioning the July 2006 Acosta Order. Nevertheless, on July 17, 2006, Sheriff Paredes proceeded with the levy and auction of the items listed in the Notice of Sale, with CIO-ALU emerging as the highest bidder.<sup>[17]</sup>

On July 18, 2006, ELA Acosta issued a Break Open Order<sup>[18]</sup> 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 order<sup>[19]</sup> with the NLRC Fourth Division.

On July 27, 2006, the NLRC issued a Temporary Restraining Order (TRO)<sup>[20]</sup> 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 Decision<sup>[21]</sup> (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 Resolution<sup>[22]</sup> 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, 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.<sup>[23]</sup>

### *Post-NLRC Ruling Proceedings*

On September 26, 2006, notwithstanding the permanent injunction issued by the NLRC, ELA Acosta issued an Order<sup>[24]</sup> 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 Order<sup>[25]</sup> 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.<sup>[26]</sup>