

THIRD DIVISION

[G.R. No. 209011, April 20, 2016]

MALAYAN INSURANCE COMPANY, INC., PETITIONER, VS. DIANA P. ALIBUDBUD, RESPONDENT.

DECISION

REYES, J.:

Before this Court is a Petition for Review^[1] under Rule 45 of the 1997 Rules of Court filed by Malayan Insurance Company, Inc. (Malayan) seeking to reverse and set aside the Decision^[2] dated May 15, 2013 and Resolution^[3] dated September 6, 2013 of the Court of Appeals (CA) in CA-G.R. CV No. 92940, which dismissed their complaint for replevin against Diana P. Alibudbud (Alibudbud) for lack of jurisdiction.

Factual Background

Alibudbud was employed by Malayan on July 5, 2004 as Senior Vice President (SVP) for its Sales Department. As SVP, she was issued a 2004 Honda Civic sedan bearing plate no. XPR 822 under Malayan's Car Financing Plan^[4] conditioned on the following stipulations: (1) she must continuously stay and serve Malayan for at least three full years from the date of the avilment of the Car Financing Plan; and (2) that in case of resignation, retirement or termination before the three-year period, she shall pay in full 100% share of Malayan and the outstanding balance of his/her share of the cost of the motor vehicle.^[5]

Relatively, Alibudbud also executed a Promissory Note^[6] and a Deed of Chattel Mortgage^[7] in favor of Malayan wherein it was expressly stated that: (1) the loan of P360,000.00 shall be payable in 60 equal monthly installments at the rate of P7,299.50 each, commencing on August 15, 2004 and every succeeding month thereafter until fully paid; (2) Alibudbud shall refund Malayan an amount equivalent to its 50% equity share in the motor vehicle, or P360,000.00 if she leaves Malayan within three years from the avilment of the subject vehicle; (3) should Alibudbud resign, retire or otherwise be terminated or separated from Malayan's employ, any remaining unpaid balance on the principal obligation shall immediately fall due and demandable upon her who shall remit the same to Malayan within five days from effectivity of such separation/termination; (4) Malayan is authorized to apply to the payment of outstanding obligation of Alibudbud any such amounts of money that may be due her from the company; (5) interests on all amounts outstanding as of the date when all Alibudbud's obligations are treated immediately due and payable, shall be compounded every 30 days until said obligations are fully paid; (6) Alibudbud shall pay a penalty at the rate of 16% *per annum* on all amounts due and unpaid; (7) in case Alibudbud fails to pay any installment, or any interest, or the whole amount remaining unpaid which has immediately become due and payable upon her separation from the Malayan, the mortgage on the property may be

foreclosed by Malayan, or it may take other legal action to enforce collection of the obligation; (8) upon default, Alibudbud shall deliver the possession of the subject vehicle to Malayan at its principal place of business; and (9) should Alibudbud fail or refuse to deliver the possession of the mortgaged property to Malayan, thereby compelling it to institute an action for delivery, Alibudbud shall pay Malayan attorney's fees of 25% of the principal due and unpaid, and all expenses and cost incurred in relation therewith including the premium of the bond obtained for the writ of possession.^[8]

On July 18, 2005, Alibudbud was dismissed from Malayan due to redundancy. In view thereof, Malayan demanded that she surrender the possession of the car to the company. Alibudbud sternly refused to do so.

On September 21, 2005, Malayan instituted a Complaint^[9] for replevin and/or sum of money before the Regional Trial Court (RTC) of Manila and prayed for the seizure of the car from Alibudbud, or that she be ordered to pay P552,599.93 representing the principal obligation plus late payment charges and P138,149.98 as attorney's fees, should said car be no longer in running and presentable condition when its return be rendered impossible.

On October 12, 2005, Alibudbud, in turn, filed a complaint^[10] for illegal dismissal against Malayan before the Labor Arbiter (LA) wherein she prayed for her reinstatement.

In her Answer with Compulsory Counterclaim,^[11] Alibudbud asseverated that a reasonable depreciation of 20% should be deducted from the subject vehicle's book value of P720,000.00, or P576,000.00, which makes her liable to pay only P288,000.00 for the car's value.^[12] She asserted a counterclaim of P17,809.00^[13] as compensatory damages and P40,000.00 as attorney's fees.^[14] She prayed for the suspension of the proceedings in view of the pendency of the labor dispute she filed. This was, however, questioned by Malayan in its reply^[15] as there was no prejudicial question^[16] raised in the labor dispute.

On January 30, 2006, Alibudbud filed a Motion to Suspend Proceedings^[17] to reiterate her prayer to defer the proceedings, asseverating that the labor case she filed presents a prejudicial question to the instant case. She explained that the resolution of the labor case will determine her rights and obligations, as well as that of Malayan.

In an Order^[18] dated February 17, 2006, the RTC of Manila, Branch 27, denied Alibudbud's motion. It was opined that: (1) reference shall be made only on the Promissory Note which Alibudbud executed in favor of Malayan in determining the rights and obligations of the parties; (2) the cause of action in the replevin case is rooted from the Promissory Note; and (3) the issue in the labor dispute is in no way connected with the rights and obligations of the parties arising out of the Promissory Note.

Trial on the merits ensued.

On July 13, 2006, Alibudbud moved for the dismissal^[19] of the action grounded on

the impropriety of the bond put up by Malayan. This was, however, denied by the RTC in its Order^[20] dated October 5, 2006 with the pronouncement that Malayan "can[,] by itself[,] file a surety bond in order to guaranty the return of the subject property to the adverse party if such return be finally adjudged x x x."^[21]

Alibudbud sought for reconsideration,^[22] but it was denied in the RTC's Order^[23] dated December 19, 2006.

Alibudbud then successively filed motions to suspend the proceedings in the civil case anchored on the same averment that suspension is necessary since she is seeking reinstatement in the labor case which, if granted, would result to irreconcilable conflict not contemplated by law, much less conducive to the orderly administration of justice.^[24] However, both motions were denied in an Order^[25] dated June 6, 2007. The RTC pointed out that the issue raised in the civil action is completely separable with the issue raised in the labor case.^[26]

Malayan applied for an *ex-parte* issuance of a writ of preliminary attachment,^[27] which the RTC granted in its Order dated June 8, 2007.^[28] The Honda Civic sedan was, accordingly, attached.

Meanwhile, the complaint for illegal dismissal filed by Alibudbud was dismissed. The LA's Decision^[29] dated February 19, 2008 held that the redundancy she suffered resulted from a valid re-organization program undertaken by Malayan in view of the downturn in the latter's sales.^[30] It further ruled that Alibudbud failed to establish any violation or arbitrary action exerted upon her by Malayan, which merely exercised its management prerogative when it terminated her services.^[31]

On November 28, 2008, the RTC rendered a Decision^[32] which granted the complaint for replevin. The RTC mentioned the following observations and conclusions, to wit: (1) Alibudbud is under obligation to pay in full the acquisition cost of the car issued to her by Malayan; (2) the LA's Decision dated February 19, 2008 which dismissed the illegal dismissal complaint settled the issue being banked upon by Alibudbud when she moved for the suspension of the proceedings in the civil action; (3) Alibudbud's ownership over the car is not yet absolute for it bears the notation "encumbered", thereby signifying her obligation to pay its value within the period set forth in the Promissory Note and Deed of Chattel Mortgage; and (4) the replevin action was converted into a money claim in view of Alibudbud's vehement refusal to surrender the possession of the car.

Ruling of the CA

On appeal, the CA ruled, in its Decision^[33] dated May 15, 2013, to set aside the decision of the trial court. The CA explained that the RTC has no jurisdiction to take cognizance over the replevin action because of the "employer-employee" relations between the parties which Malayan never denied. Certainly, Alibudbud could not have availed of the benefits of the Car Financing Plan if she was not employed by Malayan. Citing Section 1,^[34] Rule 9 of the 1997 Rules of Court, the CA upheld to dismiss the replevin action considering that the ground of lack of jurisdiction may be raised at any stage of the proceedings since jurisdiction is conferred by law.^[35]