

## FIRST DIVISION

[ G.R. No. 185918, April 18, 2012 ]

**LOCKHEED DETECTIVE AND WATCHMAN AGENCY, INC.,  
PETITIONER, VS. UNIVERSITY OF THE PHILIPPINES,  
RESPONDENT.**

### D E C I S I O N

**VILLARAMA, JR., J.:**

Before us is a petition for review on certiorari under Rule 45 of the 1997 Rules of Civil Procedure, as amended, assailing the August 20, 2008 Amended Decision<sup>[1]</sup> and December 23, 2008 Resolution<sup>[2]</sup> of the Court of Appeals (CA) in CA-G.R. SP No. 91281.

The antecedent facts of the case are as follows:

Petitioner Lockheed Detective and Watchman Agency, Inc. (Lockheed) entered into a contract for security services with respondent University of the Philippines (UP).

In 1998, several security guards assigned to UP filed separate complaints against Lockheed and UP for payment of underpaid wages, 25% overtime pay, premium pay for rest days and special holidays, holiday pay, service incentive leave pay, night shift differentials, 13<sup>th</sup> month pay, refund of cash bond, refund of deductions for the Mutual Benefits Aids System (MBAS), unpaid wages from December 16-31, 1998, and attorney's fees.

On February 16, 2000, the Labor Arbiter rendered a decision as follows:

WHEREFORE, premises considered, respondents Lockheed Detective and Watchman Agency, Inc. and UP as job contractor and principal, respectively, are hereby declared to be solidarily liable to complainants for the following claims of the latter which are found meritorious.

Underpaid wages/salaries, premium pay for work on rest day and special holiday, holiday pay, 5 days service incentive leave pay, 13<sup>th</sup> month pay for 1998, refund of cash bond (deducted at P50.00 per month from January to May 1996, P100.00 per month from June 1996 and P200.00 from November 1997), refund of deduction for Mutual Benefits Aids System at the rate of P50.00 a month, and attorney's fees; in the total amount of P1,184,763.12 broken down as follows per attached computation of the Computation and [E]xamination Unit of this Commission, which computation forms part of this Decision:

1. JOSE SABALAS                      P77,983.62

2. TIRSO DOMASIAN	76,262.70
3. JUAN TAPEL	80,546.03
4. DINDO MURING	80,546.03
5. ALEXANDER ALLORDE	80,471.78
6. WILFREDO ESCOBAR	80,160.63
7. FERDINAND VELASQUEZ	78,595.53
8. ANTHONY GONZALES	76,869.97
9. SAMUEL ESCARIO	80,509.78
10. PEDRO FAILORINA	80,350.87
11. MATEO TANELA	70,590.58
12. JOB SABALAS	59,362.40
13. ANDRES DACANAYAN	77,403.73
14. EDDIE OLIVAR	<u>77,403.73</u>
	P1,077,057.38
plus 10% attorney's fees	<u>107,705.74</u>
GRAND TOTAL AWARD	P1,184,763.12

Third party respondent University of the Philippines is hereby declared to be liable to Third Party Complainant and cross claimant Lockheed Detective and Watchman Agency for the unpaid legislated salary increases of the latter's security guards for the years 1996 to 1998, in the total amount of P13,066,794.14, out of which amount the amounts due complainants here shall be paid.

The other claims are hereby DISMISSED for lack of merit (night shift differential and 13th month pay) or for having been paid in the course of this proceedings (salaries for December 15-31, 1997 in the amount of P40,140.44).

The claims of Erlindo Collado, Rogelio Banjao and Amor Banjao are hereby DISMISSED as amicably settled for and in consideration of the amounts of P12,315.72, P12,271.77 and P12,819.33, respectively.

SO ORDERED.<sup>[3]</sup>

Both Lockheed and UP appealed the Labor Arbiter's decision. By Decision<sup>[4]</sup> dated April 12, 2002, the NLRC modified the Labor Arbiter's decision. The NLRC held:

WHEREFORE, the decision appealed from is hereby modified as follows:

1. Complainants' claims for premium pay for work on rest day and special holiday, and 5 days service incentive leave pay, are hereby dismissed for lack of basis.

2. The respondent University of the Philippines is still solidarily liable with Lockheed in the payment of the rest of the claims covering the period of their service contract.

The Financial Analyst is hereby ordered to recompute the awards of the complainants in accordance with the foregoing modifications.

SO ORDERED.<sup>[5]</sup>

The complaining security guards and UP filed their respective motions for reconsideration. On August 14, 2002, however, the NLRC denied said motions.

As the parties did not appeal the NLRC decision, the same became final and executory on October 26, 2002.<sup>[6]</sup> A writ of execution was then issued but later quashed by the Labor Arbiter on November 23, 2003 on motion of UP due to disputes regarding the amount of the award. Later, however, said order quashing the writ was reversed by the NLRC by Resolution<sup>[7]</sup> dated June 8, 2004, disposing as follows:

WHEREFORE, premises considered, we grant this instant appeal. The Order dated 23 November 2003 is hereby reversed and set aside. The Labor Arbiter is directed to issue a Writ of Execution for the satisfaction of the judgment award in favor of Third-Party complainants.

SO ORDERED.<sup>[8]</sup>

UP moved to reconsider the NLRC resolution. On December 28, 2004, the NLRC upheld its resolution but with modification that the satisfaction of the judgment award in favor of Lockheed will be only against the funds of UP which are not identified as public funds.

The NLRC order and resolution having become final, Lockheed filed a motion for the issuance of an alias writ of execution. The same was granted on May 23, 2005.<sup>[9]</sup>

On July 25, 2005, a Notice of Garnishment<sup>[10]</sup> was issued to Philippine National Bank (PNB) UP Diliman Branch for the satisfaction of the award of P12,142,522.69 (inclusive of execution fee).

In a letter<sup>[11]</sup> dated August 9, 2005, PNB informed UP that it has received an order of release dated August 8, 2005 issued by the Labor Arbiter directing PNB UP Diliman Branch to release to the NLRC Cashier, through the assigned NLRC Sheriff Max L. Lago, the judgment award/amount of P12,142,522.69. PNB likewise reminded UP that the bank only has 10 working days from receipt of the order to deliver the garnished funds and unless it receives a notice from UP or the NLRC before the expiry of the 10-day period regarding the issuance of a court order or writ of injunction discharging or enjoining the implementation and execution of the Notice of Garnishment and Writ of Execution, the bank shall be constrained to cause the release of the garnished funds in favor of the NLRC.

On August 16, 2005, UP filed an Urgent Motion to Quash Garnishment.<sup>[12]</sup> UP contended that the funds being subjected to garnishment at PNB are government/public funds. As certified by the University Accountant, the subject funds are covered by Savings Account No. 275-529999-8, under the name of UP System Trust Receipts, earmarked for Student Guaranty Deposit, Scholarship Fund, Student Fund, Publications, Research Grants, and Miscellaneous Trust Account. UP argued that as public funds, the subject PNB account cannot be disbursed except pursuant to an appropriation required by law. The Labor Arbiter, however, dismissed the urgent motion for lack of merit on August 30, 2005.<sup>[13]</sup>

On September 2, 2005, the amount of P12,062,398.71 was withdrawn by the sheriff from UP's PNB account.<sup>[14]</sup>

On September 12, 2005, UP filed a petition for certiorari before the CA based on the following grounds:

I.

The concept of "solidary liability" by an indirect employer notwithstanding, respondent NLRC gravely abused its discretion in a manner amounting to lack or excess of jurisdiction by misusing such concept to justify the garnishment by the executing Sheriff of public/government funds belonging to UP.

II.

Respondents NLRC and Arbiter LORA acted without jurisdiction or gravely abused their discretion in a manner amounting to lack or excess of jurisdiction when, by means of an Alias Writ of Execution against petitioner UP, they authorized respondent Sheriff to garnish UP's public funds. Similarly, respondent LORA gravely abused her discretion when she resolved petitioner's Motion to Quash Notice of Garnishment addressed to, and intended for, the NLRC, and when she unilaterally and arbitrarily disregarded an official Certification that the funds garnished are public/government funds, and thereby allowed respondent Sheriff to withdraw the same from PNB.

III.

Respondents gravely abused their discretion in a manner amounting to lack or excess of jurisdiction when they, despite prior knowledge, effected the execution that caused paralyzation and dislocation to petitioner's governmental functions.<sup>[15]</sup>

On March 12, 2008, the CA rendered a decision<sup>[16]</sup> dismissing UP's petition for certiorari. Citing *Republic v. COCOFED*,<sup>[17]</sup> which defines public funds as moneys belonging to the State or to any political subdivisions of the State, more specifically taxes, customs, duties and moneys raised by operation of law for the support of the