

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT  
FIRST DIVISION**

**ALFONSO BALAIS, RUDACIANO,  
ESTONILO and ALFEO LOTILLA,  
*Petitioners,***

***-versus-***

**G.R. No. 118491  
January 31, 1996**

**HON. TIRSO D.C. VELASCO and  
CENTRAL TEXTILE MILLS, INC.,  
*Respondents.***

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**DECISION**

**HERMOSISIMA, JR., J.:**

This Petition for *Certiorari* and Prohibition, with a Prayer for Preliminary Injunction, Seeks the Review and the Annulment of Two of Respondent Judge's Orders: The first, dated January 5, 1995, which denied petitioners Motion to Dismiss; and, the second, dated January 11, 1995, which granted private respondent's Motion for Temporary Restraining Order.

This case arose from a labor dispute between the Central Textile Mills, Incorporated (CTMI) and its supervisors union. When the said dispute remained unsettled, the parties agreed to refer the case for voluntary arbitration.

On November 21, 1991, Voluntary Arbitrator Jesus C. Sebastian, to whom the case was mutually referred, issued an Award, the dispositive portion of which reads:

“Premises considered, the undersigned voluntary arbitrator hereby directs the management to grant an across-the-board daily wage increase of P6.00 to all workers affected in the instant labor dispute effective January 8, 1991 to July 5, 1991 and to comply with the provisions of Wage Order No. 2, effective July 6, 1991.”<sup>[1]</sup>

On December 2, 1991, a motion for reconsideration was filed by private respondent. This was denied by the voluntary arbitrator in an Order, dated June 9, 1992. The same Order directed private respondent to comply with the award.<sup>[2]</sup>

Due to the failure of private respondent to comply voluntarily with the order, a writ of execution was issued by the voluntary arbitrator. Partial satisfaction of the judgment was effected, leaving a balance of P252,090.00.

On November 11, 1994, upon a motion filed by the CTMI Supervisors Union, the Voluntary Arbiter issued an Alias Writ of Execution addressed to petitioner Balais.<sup>[3]</sup>

On November 26, 1994, petitioner Balais, assisted by petitioner Rogaciano C. Estonilo, Jr., served the alias writ of execution on private respondent at its office at A. Bonifacio St. Balintawak Quezon City. Thereafter, levy was made over the following personal properties of private respondent, to wit:

- 1) ONE (1) Lot various scrap metals
- 2) ONE (1) Lot junked/scrap machineries and spare parts (Located at Machine Shop Building)
- 3) ONE (1) Lot Various Junked Electrical Parts and Accessories (Located at Electrical Parts Bldg.)

- 4) ONE (1 ) Lot Unserviceable/Scrap Weaving Machines (Located at Weaving No. 1 Bldg.) and
- 5) ONE (1) Lot Unserviceable/Scrap Weaving Machines (Located at Weaving No. 3 Bldg.)

A Notice of Levy and Sale was furnished by petitioners to Ruben del Rio, caretaker of private respondent, who refused to acknowledge receipt thereof, constraining petitioners to leave a copy of the notice with the advice to refer the matter to the CTMI.

Thereafter, petitioners posted copies of the notice in three (3) conspicuous places.

On December 2, 1994, for failure of private respondent to settle the award granted to the CTMI Supervisors Union, an auction sale of the levied properties was conducted in the premises of private respondent.

Petitioner Alfeo M. Lotilla, won in the sealed bidding and paid the total bid price of P263,000.00 in cash. Subsequently, a Certificate of Sale was issued to petitioner Lotilla and the subject personal properties were released to him.<sup>[4]</sup>

On December 4, 1994, private respondent, in reaction, filed a civil case with the Regional Trial Court, Branch 85, Quezon City, for damages, with preliminary injunction and/or temporary restraining order, alleging that on December 2, 1994, at about 9:45 a.m., petitioner Estonilo and some members of the CTMI Supervisors Union, together with armed police officers, entered the premises of the corporation to implement the alias writ of execution. The group then allegedly proceeded to Weaving I where they started to dismantle the machinery and equipment of private respondent. At 10:15 a.m. petitioner together with his cohorts entered the corporation's premises and loaded the dismantled machinery in the trucks and forklifts operated by petitioner. The hauling of the equipment and machinery to unknown destinations lasted until the evening.<sup>[5]</sup> Said acts were temporarily discontinued when private respondent sought police assistance, particularly addressed to the Police Commander, Station I, Laloma, Quezon City.<sup>[6]</sup>

The following day, December 3, 1994, petitioner Sheriff Estonilo with some of the union members and police officers allegedly returned to the premises and continued their acts of dismantling and hauling private respondents' machineries and equipment.

These allegations were supported by the affidavits of Ruben A. Del Rio, Overseer and Chief Security Officer of CTMI, and Nicolas D. Suase, Security Guard of CTMI. On December 5, 1994, the court a quo, acting upon the petition filed by CTMI, which prayed for the issuance of a temporary restraining order against the enforcement of the alias writ of execution, directed petitioners-sheriffs to refrain "from further committing the illegal acts complained of pending determination of the petition for injunction" and set the date for hearing.<sup>[7]</sup>

On the same date, petitioner Balais executed a Sheriffs Return stating that: "IN VIEW OF THE FOREGOING, the original of the Alias Writ of Execution is hereby returned to its (sic) of origin with the information that the same was FULLY SATISFIED."<sup>[8]</sup>

On December 8, 1994, private respondent filed its Amended Petition increasing the amount of damages it sought to recover, i.e., from P250,000.00 to P5,000,000.00.<sup>[9]</sup>

On December 9, 1994, petitioners Balais and Estonilo filed a "Motion to Dismiss and Opposition to the Application for Writ of Preliminary Injunction" on the ground that the RTC has no jurisdiction over the nature of the action, as the same should have been lodged with the National Labor Relations Commission (NLRC). With regard to the issuance of the temporary restraining order, petitioners cited Articles 218 and 254 of the Labor Code as the legal bases for their opposition therein.<sup>[10]</sup>

On December 12, 1994, a similar Motion to Dismiss was filed by CTMI's Supervisor's Union.<sup>[11]</sup>

On December 14, 1994, a Comment and/or Opposition to the motion to dismiss was filed by private respondent<sup>[12]</sup> to which a reply was filed by petitioners Balais and Estonilo.<sup>[13]</sup>

On December 19, 1994, private respondent filed its Re-Amended Petition wherein it alleged that petitioners on December 2, 1994 already removed from its premises scraps and other unserviceable parts and implements worth more than P263,000.00. Furthermore, it alleged that petitioners also started to dismantle serviceable machinery and equipment installed on concrete platforms permanently embedded on the ground and, therefore, no longer considered as included in the list of personal properties subject of the levy.<sup>[14]</sup> It also prayed for the issuance of a temporary restraining order to enjoin petitioners from committing the illegal acts complained of.

On January 5 1995, respondent Judge issued the assailed Order which declared petitioner's application for the issuance of a writ of preliminary injunction as having been rendered moot and academic inasmuch as "the original alias writ of execution issued by the voluntary arbitrator was fully satisfied and was returned by respondent sheriffs to said voluntary arbitrator" and denied petitioners separate motion to dismiss for lack of merit.<sup>[15]</sup>

On January 9, 1995, private respondent filed its "Urgent Motion for Issuance of Temporary Restraining Order and/or Preliminary Injunction" and its Second Amended Petition alleging that petitioners continued to dismantle private respondent's serviceable machinery and equipment despite the fact that the alias writ of execution had already been fully satisfied as evidenced by the Sheriffs Return, dated December 5, 1994.<sup>[16]</sup>

On January 11, 1995, the lower court granted private respondent's motion for the issuance of a temporary restraining order enjoining petitioners-sheriffs and "all other parties or persons acting in their behalf from further dismantling and removing machinery and equipment from the premises" of private respondent.<sup>[17]</sup>

On January 28, 1995, in connection with petitioners' petition for *Certiorari* and Prohibition, petitioners filed before us a Motion for Issuance of Temporary Restraining Order to enjoin respondent judge from further proceeding with Civil Case No. Q-94-22314. In the same motion, they also sought to enjoin private respondent from

preventing petitioners from implementing the alias writ of execution and from its continuous detention of petitioner Lotilla's hauling truck in its compound.

The foregoing notwithstanding, on January 31, 1995, after the hearing and upon posting by CTMI of a bond of P250,000.00 the court a quo issued a writ of preliminary injunction in Civil Case No. Q-94-22314.

On March 16, 1995, private respondent filed its Comment in the *Certiorari* proceedings before us, stating that it does not dispute the validity of the issuance of the alias writ of execution between CTMI Supervisors Union and Central Textile Mills, Inc. nor the authority of petitioners to enforce the same; and the right of the judgment creditors in said labor dispute. What they assail are the unlawful acts of petitioners in forcibly dismantling and removing private respondent's real property which was not included in the levy and sale of personal property, and that said acts were committed after the award in the said labor dispute had been fully satisfied.<sup>[18]</sup> Furthermore, private respondent alleged that the NLRC has no jurisdiction over the case as their claims for damages arising from the unlawful or illegal acts committed by petitioners were unrelated to a labor dispute. Private respondent also alleged that the said unlawful acts were committed not in the course of or on the occasion of implementing the alias writ of execution but after the writ had been fully satisfied.

On April 7, 1995, petitioners filed their Reply wherein they alleged that it is the voluntary arbitrator, not the regular courts, which is in the best position to determine whether they committed the alleged unlawful acts. They also alleged that the writ of execution was not yet fully satisfied and so petitioner Lotilla had the right to haul the personal properties which he had bought at the auction sale.<sup>[19]</sup>

On April 20, 1995, petitioner Lotilla filed an "urgent ex parte motion reiterating his request for the issuance of temporary restraining order" to enjoin public respondent from further proceeding with Civil Case No. Q-94-22314 and to enjoin private respondent from preventing him from taking custody of the property indicated in the certificate of sale.<sup>[20]</sup>

On May 9, 1995, petitioners filed their “Second Urgent Motion Reiterating Prayer For Issuance of Temporary Restraining Order” which alleged that respondents are continuing with the proceedings in the lower court ex parte taking advantage of the absence of this Court’s temporary restraining order.<sup>[21]</sup>

On May 22, 1995, we issued a resolution denying the “urgent ex parte motion reiterating for the issuance of temporary restraining order,” dated April 20, 1995 filed by petitioner Lotilla. In the same resolution, we also denied the “second urgent motion reiterating prayer for the issuance of a temporary restraining order” dated May 9, 1995 filed by counsel for petitioners.

We note the reply thereto, the rejoinder and the sur-rejoinder of the parties.

The crux of the controversy is whether it is the voluntary arbitrator who retains exclusive jurisdiction over incidents affecting the determination of irregularities committed during the implementation and enforcement of the alias writ of execution issued in connection with a labor dispute.

Private respondent insists that what is at issue in this case is the unlawful act of petitioners in forcibly dismantling and removing real property of private respondent not included in the notice of levy and sale of personal properties. Furthermore, private respondent contends that the acts of petitioners were acts not to enforce the award of the voluntary arbitrator but acts committed outside and beyond the authority of the sheriff, as the alias writ of execution was returned fully satisfied on December 5, 1994. In support of its claim that the writ of execution had been fully satisfied, private respondent cited the certificate of sale of petitioner Balls which certified that the scraps he levied on and sold were already released to petitioner Lotilla.

At the outset, it is worthy to note that it is not the decision of the voluntary arbitrator which is at issue in the case at bench. His decision has already become final and executory, hence, it is no longer appealable to the Court of Appeals.

A close scrutiny of the records shows that these allegations of private respondent are baseless.

First, a perusal of the petition for damages with prayer for preliminary injunction filed by CTMI with the RTC of Quezon City, reveals that what was being questioned was the regularity of the implementation and enforcement of the alias writ of execution by petitioners-sheriffs on December 2, 3 and 4, 1994, before it was returned fully satisfied as per sheriff's report dated December 5, 1994, in compliance with the order issued by the voluntary arbitrator.

Second, the Certificate of Sale dated December 2, 1994, issued by petitioner Balais to petitioner Lotilla clearly stated therein that what were levied and sold were personal properties listed in the Notice of Levy and Sale which was given to private respondent. This was reiterated by petitioner Balais, in a letter dated January 25, 1995, wherein he cited the contents of his Certificate of Sale, a portion of which, reads as follows:

“May I refer you to my notice of sale on execution of personal properties dated November 26, 1994 and certificate of sale dated December 2, 1994 which are self-explanatory. It is clearly stated therein that what we levied and sold at public auction sale were junks and scraps or unserviceable machines that were already detached from concrete platforms and, therefore, personal properties I am not aware of any serviceable machines or immovables that were levied or sold at public auction.”<sup>[22]</sup>

Third, petitioner Balais also issued the following Clarificatory Supplemental Report which is self-explanatory:

“Thus, I hereby clarify and inform the origin of the Writ of Execution that my informations in my report dated 05 December 1994 that the same have been fully satisfied was only in so far as the payment of the total bid price of the highest bidder and the satisfaction of the judgment award are concerned. I have not been able to completely and physically deliver/turn over and/or conveyed the properties covered by the Certificate of Sale issued in this case in view of the issuance

by the Regional Trial Court, Branch 88, Quezon City, of the Temporary Restraining Order in Civil Case No. 0-94-22134.”<sup>[23]</sup>

Petitioner Balais further recommended in his aforesated report that he be allowed to supervise the physical delivery and turn over of all the personal properties subject of the sale, as stated in the Certificate of Sale issued to the highest bidder in this case.

The clarificatory supplemental report has not been shown to have been irregularly issued nor did petitioner Balais have any improper motive to issue said report. Apparently, his main objective was to make it of record that the alias writ of execution had not yet been fully satisfied. In the absence of any rebuttal from private respondent, said report enjoys the presumption of having been issued by the executing sheriff in the regular performance of his official duties.<sup>[24]</sup>

A case presenting a factual milieu similar to the case at bench is *Pucan vs. Bengzon*, 155 SCRA 692 (1987), wherein the aggrieved party questioned the acts performed by the sheriffs during the implementation of the writ of execution issued by then Director Pucan of the Ministry of Labor and Employment. *Saulog Transit, Inc.* and filed in the RTC of Manila, a petition for damages and prohibition, with prayer. for issuance of a writ of preliminary prohibitory injunction, against Director Pucan, Robert Jerrey, Jr., Deputy Sheriff Antonio and Robert Arevalo.

Awards for actual moral and exemplary damages “as may be proved” during the trial plus attorney’s fees of P50,000,” were also prayed for.

In finding for petitioners, this Court ruled that, with respect to the acts of the Ministry officials, the case is one growing out of a labor dispute, as the acts complained of were perpetrated during the execution of a decision of the then Ministry of Labor and Employment. We also stated that, however characterized, jurisdiction over the petition pertains to the Labor Ministry, now the Department of Labor and Employment, and not the regular courts.

Furthermore, we stated that:

“Whatever irregularities that may have attended the issuance of the alias writ of execution of March 1, 1985 should have been referred to the same administrative official or tribunal which rendered the decision being executed, pursuant to Article 244 (b) of the Labor Code, which provides that the Secretary of Labor, the Commission and the Director of Labor Relations may appoint sheriffs and take any measure under existing laws, decrees and general orders as may be necessary to ensure compliance with, their decisions, orders or awards x x x. Indeed, Saulog Transit, Inc. should have realized that despite the finality of the decision of the Minister of Labor, he retained control over its execution and implementation, so that resort to the regular courts, particularly one of co-equal rank, would be an untenable recourse.

Apparently, Saulog Transit, Inc. was misled by its own prayer for actual, moral and exemplary damages. It believed that such additional cause of action could clothe the petition with the mantle of a regular action, cognizable by the regular courts. It was, of course, mistaken for the fact remains that the acts complained of are mere incidents of a labor dispute. Such prayer therefore did not alter the complexion of the case as one arising from a labor dispute, but was subsumed by the nature of the main case, over which the regular courts had no jurisdiction much less the power to issue a temporary or permanent injunction or restraining order.

The broad powers granted to the Labor Department and/or the National Labor Relations Commission by Articles 224 and 218 can only be interpreted as vesting in said agencies jurisdiction over incidents arising from, in connections with or relating to labor dispute, as the controversy under consideration, to the exclusion of the regular courts.”

In the matter of enforcement of the writ of execution, the voluntary arbitrator is vested with the power and the authority to see to it that his arbitral award is fully satisfied. Thus, he may issue writs of execution requiring a sheriff or a proper officer to execute his final decisions, orders or awards and take any measure under existing laws to ensure compliance with his decisions, orders or awards. The

sheriffs, tasked to implement the said writ, are not sheriffs of the ordinary court a quo but labor sheriffs under the supervision of the voluntary arbitrator.

In the case at bench, the petition actually asked for the quashal of the alias writ of execution, because of a) the removal from private respondent's premises of scraps and other unserviceable parts and implements worth more than the remaining balance as stated in the alias writ of execution and b) the hauling of serviceable machinery and equipment installed on concrete platforms permanently embedded on the ground not included in the properties subject of the levy in implementation of the writ. Consequently, the controversy lies in the implementation of the writ of execution. Any complaint in this regard should first be referred to the voluntary arbitrator from whom the writ of execution originated. In other words, private respondent, instead of filing a petition for damages with the court a quo, should have questioned the manner of its implementation before the voluntary arbitrator who issued the said writ. The power of the voluntary arbitrator to issue a writ of execution carries with it the power to inquire into the correctness of the execution of his decision and to consider whatever supervening event that may transpire during such execution. Private respondent should have first exhausted all available remedies before the voluntary arbitrator instead of prematurely filing the case in the lower court.

Jurisprudence is replete with the rule that a case in which an execution has been issued is considered as still pending so that all proceedings on the execution are proceedings in the suit.<sup>[25]</sup> Moreover, there is no dispute with the view that the tribunal which rendered the decision or award has a general supervisory control over the process of its execution, and this includes the power to determine every question of fact and law which may be involved in the execution.<sup>[26]</sup> This is because any court which issued a writ of execution has the inherent power, for the advancement of justice, to correct error of its ministerial officers and to control its own processes.<sup>[27]</sup> Hence, any irregularities which attended the execution of the decision or award brought out by the enforcement of a dead writ of execution must be litigated in the court which issued it.

Considering in totality the facts of the present case, it is clear that said proceeding, placed in proper perspective, is essentially an offshoot or incident in the enforcement of the final award or decision of the voluntary arbitrator.

Hence, it is the voluntary arbitrator, from whom the alias writ of execution originated, which has the jurisdiction to determine whether petitioners exceeded their authority in implementing the alias writ of execution and whether there was already a complete delivery of the personal properties indicated in the Notice of Levy to petitioner Lotilla.

Well-settled is the principle that regular courts have no jurisdiction to hear and decide questions which arise and are incidental to the enforcement of decisions, orders or awards rendered in labor cases by appropriate officers and tribunals of the Department of Labor and Employment.<sup>[28]</sup> To hold otherwise, is to sanction split jurisdiction — which is obnoxious to the orderly administration of justice.<sup>[29]</sup> As this rule has ripened into dogma, it, thus, commands adherence not breach by the parties concerned.

**WHEREFORE**, the Petition for *Certiorari* and Prohibition is hereby **GRANTED** and the lower court is permanently enjoined from acting on the petition for damages and prohibition in Civil Case No. Q-94-22314.

**SO ORDERED.**

**Padilla, Bellosillo, Vitug and Kapunan, JJ., concur.**

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[1] Rollo, p. 24.

[2] Id.

[3] Annex “E”, Rollo, p. 26.

[4] Annex “H”, Rollo, pp. 31-32.

[5] Annex “J”; Rollo, pp. 34-39.

[6] Annex “B”; Id., at 44.

[7] Id., at 58.

[8] Annex “I”; Id., at 33.

[9] Annex “L”; Id., at 59-65.

[10] Annex “M”; Rollo, pp. 67-72.

- [11] Annex “A”; *Id.*, at 73-79.
- [12] Annex “O”; *Id.*, at 81-88.
- [13] Annex “D”; *Id.*, at 89-94.
- [14] Annex “Q”; *Id.*, at 95-102.
- [15] Annex “A”; *Rollo*, pp. 21-22.
- [16] Annex “U”; *Id.*, at 128-136.
- [17] *Id.*, at 32.
- [18] *Rollo*, pp. 211-221.
- [19] *Id.*, at 268-282.
- [20] *Id.*, at 283-286.
- [21] *Rollo*, pp. 307-318.
- [22] *Rollo*, p. 223.
- [23] *Rollo*, p. 190.
- [24] Revised Rules of Court Rule 131, Sec. 5, par. (m).
- [25] *Paper Industries Corporation of the Philippines vs. Intermediate Appellate Court*, 151 SCRA 161 (1987); *Darwin vs. Tokonaga*, 197 SCRA 442 (1991).
- [26] *Vda. de Paman vs. Senerio*, 115 SCRA 709 (1982).
- [27] *Dimayuga vs. Raymundo*, 76 Phil. 143 (1946).
- [28] *Medado vs. Court of Appeals*, 185 SCRA 80 (1990); *Velasco vs. Ople*, 191 SCRA 636 (1990); *New Pangasinan Review, Inc. vs. National Labor Relations Commission*, 196 SCRA 56 (1991).
- [29] *National Union of Bank Employees vs. Lazaro*, 157 SCRA 123 (1988).