

[CA-G.R. CV NO. 84340, July 12, 2006]

**PHILIPPINE CHARTER INSURANCE CORPORATION, PLAINTIFF-
APPELLEE, VS. MARCOPPER MINING CORPORATION,
DEFENDANT-APPELLANT.**

DECISION

BARRIOS, J.:

On appeal is the decision in the case for *Collection of Sum of Money* filed by the appellee Philippine Charter Insurance Corporation (hereafter PCIC for brevity) against the appellant Marcopper Mining Corporation (or Marcopper).

PCIC alleged in its complaint that Marcopper was the respondent in an illegal dismissal case before the National Labor Relations Commission (or NLRC) entitled *Ernesto S. Monge vs. Marcopper Mining Corporation and/or Mr. John Dodge*. Judgment was rendered against Marcopper ordering it to reinstate Monge to his former position and pay him backwages. To stay the execution of the decision pending appeal, Marcopper secured a supersedeas bond from PCIC. On March 18, 1997, PCIC issued Supersedeas Bond No. 23532 in favor of Monge in the amount of P512,138.00 to secure the performance of Marcopper's obligation in the event that the decision is affirmed with finality. As a condition for the issuance of the bond, Marcopper delivered to PCIC an undated check in the amount of P512,138.00 payable to the NLRC and drawn against Marcopper's current account with the Ayala Avenue Branch of the Westmont Bank. The condition was confirmed by Marcopper's broker Lacson & Lacson Insurance Brokers Inc. (or Lacson & Lacson) through a letter dated April 4, 1997. Also in conformity with the requirements for the issuance of the bond, Marcopper undertook to enter into an Indemnity Agreement with PCIC. PCIC then sent to Marcopper a pre-signed form Indemnity Agreement but it failed to return this to PCIC.

On October 15, 2001, the NLRC directed PCIC to release the amount of P512,138.00 as partial satisfaction of Marcopper's judgment obligation. The corresponding Notice of Garnishment was issued on the same day by the NLRC. Subsequently, PCIC turned over Marcopper's Westmont Bank Check to the NLRC Sheriff. PCIC then notified Marcopper of this turn over to the NLRC on account of the garnishment of the proceeds of the supersedeas bond. The said check was however dishonored by the drawee bank upon its presentment for payment, hence PCIC was forced to pay the NLRC the amount of P512,138.00. Thereafter, PCIC sent demand letters to Marcopper asking for the reimbursement of the amount of P512,138.00 which it had paid. For the continued refusal of Marcopper to pay, PCIC filed the instant suit.

For its part, Marcopper admitted that it obtained a supersedeas bond from PCIC to stay the execution of the decision rendered by the NLRC against it. It however raised the defense that it did not bind itself to any undertaking because it did not execute an indemnity agreement with PCIC. Marcopper claimed that its payment of the premium on the supersedeas bond in the amount of P5,026.96 extinguished its