

Title: Philippine Charity Sweepstakes Office (PCSO) vs. TMA Group of Companies Pty Ltd.

—

Facts

On December 4, 2009, the Philippine Charity Sweepstakes Office (PCSO) entered into a Contractual Joint Venture Agreement (CJVA) with TMA Australia Pty. Ltd., an Australian company specializing in thermal-coated consumables. TMA committed to invest approximately PHP 4.4 billion to establish the first thermal coating plant in the Philippines. In return, the PCSO committed to procure all its thermal paper and consumable requirements from TMA for 50 years.

On August 20, 2010, the PCSO Board suspended the CJVA citing the need for review by the Office of the Government Corporate Counsel (OGCC). On April 4, 2011, the OGCC issued Opinion No. 079 declaring the CJVA null and void, stating that it strayed beyond PCSO's charter and appeared to be a supply contract masquerading as a joint venture to evade public bidding.

On April 8, 2011, TMA filed a complaint for specific performance and injunction against PCSO at the Regional Trial Court (RTC) of Makati. On April 13, 2011, RTC Judge Winlove Dumayas granted a temporary restraining order (TRO). On May 13, 2011, he also granted preliminary mandatory and prohibitory injunctions.

PCSO motioned to quash the injunctions on February 21, 2012, citing prejudgment by the RTC and invalidity of the CJVA, but this was denied on September 4, 2013. PCSO petitioned the Court of Appeals (CA), which upheld the RTC decisions.

TMA subsequently filed for execution for payment of PHP 82 million worth of delivered goods which was contested by PCSO. On June 11, 2014, RTC Judge Elpidio Calis granted the execution and denied PCSO's motion to reconsider. The CA upheld RTC's orders but PCSO petitioned the Supreme Court.

In the meanwhile, Judge Joselito Villarosa, who inherited the main case, issued further orders mandating PCSO to pay TMA PHP 707 million based on the same CJVA.

Issues

1. **Validity of the Preliminary Injunctions:**

- Did the RTC err in issuing preliminary injunctions before a final determination of the CJVA's validity?

2. **Writs of Execution:**

- Were the writs of execution proper given the questions surrounding the validity of the CJVA?

3. **Proceedings and Administrative Conduct:**

- Were administrative errors or undue delays committed by the RTC judges?

Court's Decision

Validity of the Preliminary Injunctions:

The Supreme Court held that the issuance of preliminary injunctions was inappropriate because TMA's rights under the CJVA were not clear and unmistakable given the OGCC Opinion declaring the CJVA null and void. The injunctions also effectively granted the main relief sought by TMA, constituting a prejudgment.

Writs of Execution:

The court found the writs of execution were premature and unfair as they were based on the injunctions issued from the CJVA whose validity was contested. Therefore, all subsequent orders mandating PCSO to make payments were deemed null and void.

Administrative Conduct:

The court noted significant delays by Judge Dumayas in resolving motions which deprived PCSO of timely remedies. It found probable cause for further administrative review of both Judge Dumayas and Judge Villarosa for potential sanctionable conduct.

Doctrine

1. **Preliminary injunctions must be issued only to preserve status quo and not preempt final relief.**
2. **Injunctions should not be granted if they amount to a prejudgment of the main case.**
3. **Judges must resolve motions within reasonable timeframes to avoid prejudicing any party's right to a fair trial.**

****Class Notes****

1. ****Preliminary Injunction:****

- Meant to maintain status quo.
- Should not effectively grant main relief.
- Must be based on clear and unmistakable right.

2. ****Execution Pending Appeal:****

- Extraordinary remedy.
- Requires compelling circumstances.
- Must be ordered with good reason cited.

3. ****Administrative Responsibilities of Judges:****

- Decision-making should be timely.
- Failure to promptly resolve motions can constitute administrative lapses.

****Historical Background****

This case occurred during a period of increased scrutiny over public-private partnerships in the Philippines, primarily governing contracts and agreements to ensure transparency and compliance with public procurement laws. The OGCC's role in ensuring public interest compliance and corporate governance reflected heightened legal and regulatory checks during the early 2010s to curb corrupt practices through pseudo-partnership agreements used to bypass bidding procedures. This case highlighted the judiciary's critical role in resolving disputes involving governmental transactions against the backdrop of maintaining public accountability and procedural propriety.