PACSPORTS PHILIPPINES, INC., PETITIONER-APPELLEE, VS. NICCOLO SPORTS, INC., VICENTE G. TAGLE, JR., JOSE V. CEDO, JR. AND AGNES G. ROCILLO, RESPONDENTS-APPELLANTS.

Ponente: CARANDANG, J.

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CARANDANG, J.:

Before Us is an appeal filed by the respondents-appellants Niccolo Sports, Inc., et al., praying that the Amended Decision dated 4 October 2010 issued by the Makati City Regional Trial Court Branch 148 be reversed and set aside. The 4 October 2010 Amended Decision found herein appellants guilty of indirect contempt for disobedience or resistance to a lawful writ or order and sentenced them to pay a fine of Ten Thousand Pesos (P10,000.00). The appellants were likewise ordered for the restitution of the value of the subject golf accessories, equipment and apparel in the amount of P12,377,525.00 as well as the unremitted sales proceeds of P1,291,102.08 with interest of 6% per annum from May 1999 until the amount is fully paid.

The facts are as follows:

Sometime in 1998, Pacsports Philippines, Inc. (“Pacsports”) and Niccolo Sports, Inc. (“Niccolo”) entered into two Exclusive Retail Agreements by which the former authorized the latter to operate a retail outlet for the sale of assorted Bridgestone and Cross Creek golf products being exclusively distributed in the Philippines by Pacsports. Citing material breach of the terms and conditions of the agreements by Pacsports, Niccolo terminated the two agreements on 25 January 1999. As a consequence of such termination, Niccolo retained the possession of the golf products consigned to its outlet by Pacsports invoking Articles 1912, 1913, and 1914 of the Civil Code.

On 28 January 1999, Pacsports filed a civil action for damages with application for a writ of replevin against Niccolo with the Regional Trial Court, Branch 141, Makati City (RTC) which was docketed as Civil Case No. 99-221.

On the same day, the RTC issued an Order granting Pacsports' prayer for issuance of a writ of replevin. However, it was not implemented because Niccolo concealed the golf equipment to be seized.[1] On 16 February 1999, Pacsports applied for the issuance of a writ of preliminary injunction to compel Niccolo to turn over to Pacsports the golf equipment as well as the sales proceeds amounting to P1,186,468.65.[2] On 20 April 1999, the RTC granted Pacsports' application for a writ of preliminary mandatory injunction. It required Pacsports to post a bond for the issuance of the writ of preliminary mandatory injunction in the amount of P13,980,090.00 to answer for any damage that Niccolo may suffer by virtue of the writ should the court finally adjudge that Pacsports is not entitled thereto. Niccolo filed a motion for reconsideration but it was denied on May 6, 1999.[3]

Niccolo elevated the same to this Court via a Petition for Certiorari and Prohibition. On 6 December 1999, this Court granted the petition and accordingly reversed the 20 April 1999 Order of the RTC. On 17 January 2000, this Court denied Pacsports' Motion for Reconsideration.[4]

Pacsports appealed the 6 December 1999 Decision of this Court to the Supreme Court. Ruling in favor of

Pacsports, the Supreme Court reversed the 6 December 1999 Order of this Court and reinstated the 20 April 1999 Order of the RTC. The High Court held:

> "There is no question that petitioner, as owner of the items being withheld by respondent, is entitled to possession thereof. Respondent's refusal to deliver them to petitioner is a breach of that right. Its claim for reimbursement and retention of the items in pledge under Articles 1912, 1913 and 1914 of the Civil Code are being disputed by petitioner. Actually, respondent's claims are not clearly established but yet to be resolved. Secondly, in light of the bond posted by petitioner which would guaranty payment of respondent's claims if found meritorious, respondent has lost its basis for withholding the disputed items and money as security. Finally, by their nature, the golf equipment, accessories and apparel may not be kept in storage indefinitely or until the dispute between the parties is finally resolved without impairing their market value which would prejudice the petitioner as owner."[5]

Meanwhile, on 14 May 1999, Pacsports filed with Branch 141 a Petition for Contempt with original prayer of causing the immediate detention of the officers of Niccolo, namely, appellants Vicente G. Tagle, Jr., Jose V. Cedo, Jr. and Agnes G. Rocillo until such time as the RTC's preliminary injunction is complied with and to further cite the said officers guilty of indirect contempt.[6]

On 7 June 1999, the appellants filed with the RTC a Response Ad Cautelam with Motion to Expunge Plaintiff's/Petitioner's Petition for Contempt and to refer the same to the Office of the Clerk of Court for payment of filing fees, docketing and raffle based on Section 4, Rule 71 of the 1997 Rules of Procedure which provides that if the contempt charges arose out of or are related to a principal action pending in trial court, the Petition for Indirect Contempt shall allege the fact but said petition shall be docketed, heard and decided separately unless the trial court in its discretion orders the consolidation of the contempt charge and the principal action for joint hearing and decision.[7]

On 25 June 1999, Pacsports filed an Amended Petition for Contempt with the Makati City RTC Office of the Clerk of Court which was subsequently docketed as Civil Case No. 99-1185 and was raffled over and assigned to Branch 148. Pacsports also amended its prayer for the impleaded respondents to be ordered to make complete restitution to it of the subject golf accessories, equipment and apparel as well as the unremitted sales proceeds on account of the violation of the preliminary injunction issued by RTC Branch 141, Makati City.[8]

The appellants were allowed to adduce evidence in their behalf wherein they submitted the Deposition of appellant Vicente G. Tagle, Jr. Pacsports did not cross-examine Vicente G. Tagle, Jr. Instead, it filed its Memorandum dated 20 November 2002.[9]

After several suspensions of the trial, Pacsports then filed its Supplemental Petition seeking to hold Vicente G. Tagle, Jr. personally liable for damages in the amount of P13,980,090.24 as that sought in its Amended Petition for Contempt and P1,592,868.24 or the total amount of P15,572,955.48 plus 12% legal interest from May 1999 until the same is fully paid.[10]

On 26 March 2006, the preliminary conference was held and on 9 August 2006, the Pre-Trial Conference case was terminated.[11]

Thereafter, Pacsports presented three witnesses, namely: (1) Nicasio Tuason, its former Sales Manager, (2) Ramon Alegria, Inventory Supervisor, and (3) David John Lovel Gopez, then President of the Golf Distributors Associations of the Philippines (GDAP).[12]

On 4 October 2010, the RTC issued the assailed Amended Decision, the dispositive portion of which states:

> "WHEREFORE, premises considered, the instant Petition for Contempt is hereby GRANTED and respondents

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> are hereby found guilty beyond reasonable doubt of Indirect Contempt of Court and are hereby sentenced to pay a fine of Ten Thousand Pesos. (P10,000.00)
>
> "Respondents respondents (sic) Niccolo Sports, Inc., Vicente G. Tagle, Jr. Jose V. Cedo Jr. and Ms. Agnes G. Rocillo as responsible officers of Niccolo Sports Inc. are hereby cited guilty of indirect contempt and consequently must comply with the aforesaid mandatory injunction by restoring/restituting to Petitioner the value of the subject inventory/properties in the amount of P12,377,525.00 from the time it was deposited in January 25, 1999 and to likewise restore the unremitted sales proceeds to Petitioner in the amount of P1,291,102.08 as damages with interest of 6% per annum from May 1999 until the amount is totally and fully paid.
>
> "Respondents Niccolo Sports, Inc., Vicente G. Tagle Jr, Jose V. Cedo Jr. and Ms. Agnes G. Rocillo shall likewise pay the cost of the suit.
>
> SO ORDERED."[13]

In the Appellants' Brief, the appellants raise the following issues:

> A
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> Whether or not the matter of the alleged "willful disobedience" of the injunctive writ issued by Branch 141, or "willful refusal" on their part to comply with the same, as to justify holding them liable for indirect contempt, was not among the DELIMITED ISSUES agreed upon during the Pre-Trial Conference held on August 09, 2006, for resolution by the trial court;
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> B
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> Whether or not by reason of these DELIMITED ISSUES, any finding of liability ought to have been confined only as against Appellant Vicente G. Tagle, Jr.;
>
> C
>
> Whether or not the trial court had relied on mere presumptions, as to the values of the goods that ought to be restored as damages to the Appellee and were not proven in any case by the latter, clearly and convincingly;[14]

Simply, the issues are: (1) whether or not the lower court erred in finding the appellants guilty of indirect contempt for willful disobedience to the writ of mandatory injunction; and (2) whether or not the lower erred in ordering the appellants to indemnify Pacsports the amount of the golf accessories, equipment and apparel as well as the unremitted sales proceeds.

The instant appeal has no merit.

As to the first issue, a careful examination of the records supports the finding of the RTC that the appellants willfully disobeyed the writ of preliminary injunction issued by the Makati RTC Branch 141.

The propriety of the issuance by the lower court of the writ of preliminary injunction has already been affirmed by no less than the Supreme Court in the case Pacsports Philippines, Inc. vs. Niccolo Sports, Inc.[15] The said Supreme Court ruling has already attained finality. Yet, they stubbornly defied the lawful order of the RTC.

Appellants contend that their continuous refusal to comply with the court order was only a result of their assiduousness in asserting their rights which did not amount to a willful disobedience. We are not convinced. The writ of preliminary injunction should be obeyed while it remains in full force and effect. As ruled in the case of Air Materiel Wing Savings and Loan Association, et al. vs. Manay, et al.:[16]

> "An injunction or restraining order must be obeyed while it remains in full force and effect until the injunction or restraining order has been set aside, vacated, or modified by the court which granted it, or until the order or decree awarding it has been reversed on appeal. The injunction must be obeyed irrespective of the ultimate validity of the order, and no matter how unreasonable and unjust the injunction may be in its terms." (Underscoring Ours.)

In Spouses Lee vs. Court of Appeals[17], the Supreme Court held:

> "An injunction or restraining order which is not void must be obeyed while it remains in full force and effect, and has not been overturned, that is, in general, until the injunction or restraining order has been set aside, vacated, or modified by the court which granted it, or until the order or decree awarding it has been reversed on appeal or error. The injunction must be obeyed irrespective of the ultimate validity of the order, and no matter how unreasonable and unjust the injunction may be in its terms. Defendant cannot avoid compliance with the commands, or excuse his violation, of the injunction by simply moving to dissolve it, or by the pendency of a motion to modify it. The fact that an injunction or restraining order has been dissolved or terminated, or has expired, does not necessarily protect a person in a proceeding against him for a violation of the injunction or order while it was in force, as by acts between granting of the injunction and its termination, at least where the proceeding is one to punish for a criminal contempt." (Underscoring Ours.)

In this case, the validity of the issuance by the RTC Branch 141 of Makati City of the writ of preliminary injunction is no longer in issue as the Supreme Court decision affirming the same has already attained finality. Given the foregoing, appellants' defiance of RTC Branch 141's writ of preliminary injunction is in bad faith and without legal basis. Section 3 of Rule 71 of the Rules of Court includes, among the grounds for filing a case for indirect contempt, the following:

> Section 3. Indirect contempt to be punished after charge and hearing. —
>
> After charge in writing has been filed, and an opportunity given to the accused to be heard by himself or counsel, a person guilty of any of the following acts may be punished for contempt:
>
> xxx xxx xxx
> (b) Disobedience of or resistance to a lawful writ, process, order, judgment or command of a court, or injunction granted by a court or judge, ...
>
> xxx xxx xxx."

The so called "DELIMITED ISSUES" in the Pre-Trial Order did not and cannot preclude the lower court from ruling on issues which are not expressly stated in the Pre-Trial Order. As long as an issue is impliedly included in the issues stated therein, the lower court has the power to rule on the same. A pre-trial order is not meant to be a detailed catalogue of each and every issue that is to be or may be taken up during the trial.18 Issues that are impliedly included therein or may be inferable therefrom by necessary implication are as much integral parts of the pre-trial order as those that are expressly stipulated.[19] In De Joya vs. Marquez[20], the Supreme Court discusses how a court acquires jurisdiction over the issues of the case:

> "Justice Florenz D. Regalado explains the requisites for the exercise of jurisdiction and how the court acquires such jurisdiction, thus:
>
> xxx xxx xxx
>
> d. Jurisdiction over the issues of the case: This is determined and conferred by the pleadings filed in the case by the parties, or by their agreement in a pre-trial order or stipulation, or, at times by their implied consent as by the failure of a party to object to evidence on an issue not covered by the pleadings, as provided in Sec. 5, Rule 10.

> xxx xxx xxx." (Underscoring Ours.)

Clearly, the jurisdiction of a court over the issues of the case is not limited to what are expressly stated in the Pre-Trial Order. It may also be determined from the pleadings filed by the parties. Thus, Makati RTC Branch 141 should not be straight-jacketed from resolving the issues which are necessary and relevant for the complete adjudication of the indirect contempt case.

As regards the second issue, the RTC did not err in ordering the appellants to indemnify Pacsports for the value of the golf accessories, equipment and apparel as well as the unremitted sales proceeds. The authority of the RTC to order restitution is embodied in Section 7, Rule 71 of the Rules of Court which provides:

> "Section 7. Punishment if found guilty. – xxx and if the contempt consists in the violation of an injunction, he may also be ordered to make complete restitution to the party injured by such violation."

In Rosario Textile Mills, Inc., et al. vs. Court of Appeals, et al.[21], the Supreme Court ruled that the trial court hearing the contempt proceedings may order restitution of the money equivalent of the subject properties if the return of the same to the petitioner is no longer possible. Thus:

> "Under the amendment, in case of violation of writs of injunction xxx, the rule now provides that the court may order complete restitution through the return of the property or the payment of the amount alleged and proved. As aptly pointed out by RMC, restitution is defined as the "act of making good or giving equivalent for any loss, damage or injury; and indemnification." Petitioners are not excused from complying with the writ of injunction on the ground a fire destroyed the machines, considering that the fire occured years after the court had ordered petitioners to return the machines.
>
> xxx xxx xxx
>
> Unlike in the Quinio case, there is nothing more to return in this case because of the destruction of the sewing machines. However, just like in Quinio, petitioners' officers must be held personally liable for the restitution of the money equivalent of the lost sewing machines. Petitioners have only themselves to blame for refusing to return the sewing machines while still able to do so. Verily, the trial court's orders were merely an offshoot of the contempt proceedings and not a judgment on the merits of the case. As correctly pointed out by the Court of Appeals, the trial court ordered the restitution of the value of the sewing machines not as a declaration of ownership in RMC's favor but pursuant to Supreme Court Administrative Circular No. 22-95. Not only did Rosario Textile deprive RMC of the sewing machines. Petitioners blatantly disregarded the trial court's orders to return the same despite their ability to comply with the orders. Petitioners have not shown any justifiable reason why they have repeatedly ignored the trial court's orders.

In this case, appellants were fully protected by the injunction bond posted by Pacsports in the amount of P13,980,090.00 to answer for any damage that they may suffer by virtue of the writ should the court finally adjudge that Pacsports is not entitled thereto. Further, a replevin bond twice the value of the goods has been posted by Pacsport in civil Case No. 99-221. By this reason alone, appellants should have immediately turned over the possession of the golf products to Pacsports, but they chose to repeatedly ignore and defy the lawful order of the RTC. In other words, the loss in value of the golf products is a direct result of appellants' unlawful defiance of the writ. They should therefore suffer the consequences of their wrongful defiance by paying the value of the withheld golf products as well as the unremitted sales proceeds, pursuant to Pacsports' right of restitution under Section 7, Rule 71 of the Rules of Court.

The RTC is likewise correct in using the retail price of the golf products in valuing the withheld golf products because the said amount is the actual loss, damage or injury which Pacsports suffered by reason of the appellants' willful disobedience to RTC's writ of preliminary injunction. Appellants should therefore indemnify Pacsports of

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the said amount.

In sum, the RTC was justified in ordering the restitution of the amount of golf accessories, equipment and apparel because the same have become worthless and obsolete by reason of the obdurate and unreasonable refusal of the appellants to release the same to Pacsports at the earliest possible time. This order of restitution is consistent with the remedial and preservative principles of citations for contempt, and as demanded by the respect due the orders, writs and processes of the courts of justice.[22]

WHEREFORE, premises considered, the instant appeal is DENIED for lack of merit.

SO ORDERED.

Barza, R. F., and Reyes-Carpio, A., JJ., concur.

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[1] As narrated in Pacsports Philippines, Inc. vs. Niccolo Sports, Inc., G.R. No. 141602, November 22, 2001.

[2] Id.

[3] Id.

[4] Id.

[5] Id.

[6] Amended Decision, p.

[7] Id.

[8] Id.

[9] Id.

[10] Id.

[11] Id.

[12] Id.

[13] Id.

[14] Rollo, p.141.

[15] Supra, Note 1.

[16] G.R. No. 175338. October 9, 2007.

[17] G.R. No. 147191. July 27, 2006.

[18] Velasco v. Apostol, G.R. No. 44588, May 9, 1989, 173 SCRA 228, 232.

[19] Id.

[20] G.R. No. 162416. January 31, 2006.

[21] G.R. No. 137326, 25 August 2003.

[22] Id.

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