

**INTER-ASIA SERVICES CORP. (INTERNATIONAL), PETITIONER, VS.
THE HONORABLE COURT OF APPEALS SPECIAL FIFTEENTH
DIVISION AND NINOY AQUINO INTERNATIONAL AIRPORT
AUTHORITY, RESPONDENTS.**

G.R. No. 106427. October 21, 1996

Ponente: ROMERO, J.

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ROMERO, J.:

This is a petition for review on certiorari of the decision[1] of the Court of Appeals in CA-G.R. SP No. 25226 which reversed the orders of Judge Fernando V. Gorospe, Jr. of the Regional Trial Court of Makati, Branch 61, dated March 27, 1991 and April 17, 1991 that issued a temporary restraining order and a writ of preliminary injunction, respectively.

The facts are as follows:

Petitioner Inter-Asia Services Corp. (herein referred to as Inter-Asia) and private respondent Manila International Airport Authority (now Ninoy Aquino International Airport Authority and herein referred to as NAIAA) entered into a contract of lease on June 2, 1986. The contract allowed petitioner Inter-Asia to operate and maintain parking lots 1 and 2 fronting the main airport building for a period of four (4) years from July 14, 1986 up to July 14, 1990, renewable thereafter at the option of NAIAA.

As early as February 26, 1990, private respondent informed petitioner of its plan to improve the passenger arrival area by constructing a multi-level parking facility in the leased premises. The former again notified the latter of said plan on May 8, 1990, or approximately two months before the expiration of the lease agreement. The same month, Inter-Asia alleged that NAIAA segregated and occupied a 9,000 square-meter portion of the subject parking area without prior notice. The latter allegedly justified its action with the explanation that it intended to construct a multi-deck edifice for arrival of passengers and for their well-wishers.

For the third time, NAIAA informed Inter-Asia on June 7, 1990, or one month before the expiration of the contract, about its intention not to renew the contract and to take over the area effective July 15, 1990. Accordingly, it advised Inter-Asia to wind up its business. Inter-Asia, however, responded by submitting a proposal to upgrade its facilities and requested that "the status quo" be maintained while its proposal was being considered.

NAIAA favorably acted on the proposal by allowing Inter-Asia to operate the parking lots up to January 31, 1991. On December 26, 1990, or more than a month before the last deadline given, the latter was again reminded of the former's intention to take over the premises and accordingly advised the latter to finish its business.

A request for an extension up to March 31, 1991 was again granted. However, NAIAA informed Inter-Asia that it was definitely taking over the parking lots on April 1, 1991.

On March 27, 1991, petitioner Inter-Asia went to court and files a complaint for specific performance and damages with prayer for a writ of preliminary injunction. On April 1, 1991, petitioner refused to leave the leased premises.

In its complaint, Inter-Asia alleged that NAIAA threatened to eject it from the parking area despite an alleged provision in the contract of leased allowing the former to operate and maintain a restaurant and food kiosk in the parking area. It further alleged that private respondent violated said provision to its detriment.

Thereafter, the lower court, after finding probable cause, issued the assailed writ of preliminary injunction on April 17, 1991 enjoining private respondent from terminating or prohibiting the petitioner from operating parking lots 1 and 2, as well as the restaurant and food kiosk business inside the parking area, in order to maintain the status quo during the pendency of the case.[2]

The lower court ruled that most of the grounds relied upon were evidentiary in nature which needed to be litigated. It also ruled that a party could not unilaterally terminate a bilateral contract without judicial intervention to determine whether the grounds for termination were valid or not.

On June 25, 1991, private respondent filed a petition for certiorari before the Court of Appeals questioning the injunctive relief granted by the lower court and praying that Judge Fernando V. Gorospe, Jr. (RTC, Branch 61-Makati) be temporarily enjoined from implementing the writ he issued. On June 26, 1991, the Court of Appeals issued a temporary restraining order enjoining the trial Judge from implementing the orders he issued. On the basis of such temporary restraining order, private respondent took possession of the premises.

On July 19, 1991, the Court of Appeals issued its own writ of preliminary injunction prohibiting Judge Gorospe from enforcing the writ of preliminary injunction. It also enjoined petitioner from operating its business in parking area nos. 1 and 2 until further orders.

Despite the orders of the Court of Appeals, Judge Gorospe issued on December 5, 1991 an order for private respondent to return to petitioner the possession of the subject premises allegedly to maintain the status quo. On December 12, 1991, the Court of Appeals issued an order enjoining Judge Gorospe from enforcing his order dated December 5, 1991 or from further proceeding with the case.

On December 23, 1991, the Court of Appeals rendered its decision enjoining Inter-Asia from possessing the leased premises and from maintaining and/or operating its parking and restaurant business until final judgment is rendered. Petitioner's motion for reconsideration was denied on July 21, 1992. The Court of Appeals expressed the view that by its own terms, the contract of lease indubitably shows that it expired on July 14, 1990. In the absence of an existing contract, petitioner has no legal right to speak of which the trial Judge could protect by the writ of preliminary injunction. It also ruled that the extensions granted to petitioner cannot be considered as valid renewals of the lease agreement.[3]

Hence, this petition. Petitioner assigns the following errors by the Court of Appeals:

"ASSIGNMENT OF ERRORS

I. THE HONORABLE RESPONDENT COURT EXCEEDED ITS JURISDICTION WHEN IT DECIDED THE ISSUE OF POSSESSION WHICH IS WITHIN THE EXCLUSIVE AND ORIGINAL JURISDICTION OF THE METROPOLITAN TRIAL COURT.

II. THE HONORABLE RESPONDENT COURT GRAVELY ABUSED ITS DISCRETION AND VIOLATED SUBSTANTIVE LAW AND THE CONSTITUTIONAL GUARANTEE OF DUE PROCESS.

III. THE HONORABLE RESPONDENT COURT GRAVELY ABUSED ITS DISCRETION WHEN IT GAVE DUE COURSE TO THE PETITION OF THE RESPONDENT NAIAA

IV. THE HONORABLE RESPONDENT COURT GRAVELY ABUSED ITS DISCRETION WHEN IT CONDONED THE MISUSE OF ITS TEMPORARY RESTRAINING ORDER AS A MEANS TO RECOVER POSSESSION WRONGFULLY BY THE RESPONDENT NAIAA.

Petitioner Inter-Asia argues that the Court of Appeals exceeded its jurisdiction when it decided the issue of possession independently because the matter of possession has been granted exclusively and originally to the Metropolitan Trial Court in accordance with Rule 70 of the Rules of Court. It also argues that the Court of Appeals violated the constitutional protection against deprivation of property without due process of law, since it acted without benefit of trial and presentation of evidence. It asserts that the Court of Appeals should not have entertained private respondent's petition as the trial court still has to resolve the matter on the merits of the case. Lastly, petitioner contends that the Court of Appeals condoned the misuse of its temporary restraining order when private respondent forcibly recovered possession of the leased premises.

By filing the instant petition, petitioners is in effect questioning the grant by the Court of Appeals of the injunctive relief to private respondent. The resolution, therefore, of the issue of whether or not the Court of Appeals erred in finding the trial court to have abused its discretion in issuing the writ of preliminary injunction which restrained private respondent from terminating the lease contract or operating parking lots 1 and 2, as well as the restaurant and food kiosk business, necessarily hinges on the issue of whether or not petitioner should be allowed to continue occupying the land as lessee. In other words, the issue is whether or not petitioner was entitled to the preservative remedy of injunction granted it by the trial court.

This Court, in the case of *Del Rosario v. Court of Appeals*,^[4] clarified that:

"... injunction is a preservative remedy for the protection of substantive rights or interest. It is not a cause of action in itself but merely a provisional remedy, an adjunct to a main suit. The controlling reason for the existence of the judicial power to issue the writ is that the court may thereby prevent a threatened or continuous irremediable injury to some of the parties before their claims can be thoroughly investigated and advisedly adjudicated. It is to be resorted to only when there is a pressing necessity to avoid injurious consequences which cannot be remedied under any standard of compensation. The application of the writ rests upon an alleged existence of an emergency or of a special reason for such an order before the case can be regularly heard, and the essential conditions for granting such temporary injunctive relief are that the complaint alleges facts which appear to be sufficient to constitute a cause of action for injunction and that on the entire showing from both sides, it appears, in view of all the circumstances, that the injunction is reasonably necessary to protect the legal rights of plaintiff pending the litigation.

A preliminary injunction may be granted at any time after the commencement of the action and before judgment when it is established that the defendant is doing, threatens, or is about to do, or is procuring or suffering to be done, some act probably in violation of the plaintiff's rights."^[5]

In the case of *Government Service Insurance System v. Florendo*,^[6] this Court held that in the issuance of a writ of preliminary injunction, the courts are given sufficient discretion to determine the necessity for the grant of the relief prayed for as it affects the respective rights of the parties, with the caveat that extreme caution be observed in the exercise of such discretion.^[7] It is also a settled rule that the issuance of the writ of preliminary injunction as an ancillary or preventive remedy to secure the rights of a party in a pending case is entirely within the discretion of the court taking cognizance of the case, the only limitation being that this discretion should be exercised based upon the grounds and in the manner provided by law. The exercise of sound judicial discretion by the lower court in injunctive matters should not be interfered with except in cases of manifest abuse.^[8]

Thus, there is manifest abuse of discretion in the issuance of said writ if the following requisites provided by law for its issuance are not present: (1) there must be a right in esse or the existence of a right to be protected; and (2)

the act against which the injunction is to be directed is a violation of such right.[9] Hence, it should only be granted if the party asking for it is clearly entitled thereto.[10]

Petitioner insists that it has a right to be maintained in the leased premises arguing that it is entitled to a renewal of the contract on the following grounds: (1) private respondent's officials allegedly assured it "informally and verbally" that the lease contract would be renewed and (2) on the basis of said assurance, it allegedly made financial investments in the improvements, introduced in the parking area.[11]

In issuing the assailed order, the trial court reasoned out that: (1) most of the grounds relied upon for termination are evidentiary in nature, and (2) a party could not unilaterally terminate a bilateral contract without judicial intervention to determine whether the grounds for termination are valid or not.[12]

Clearly, the question of whether petitioner has the right to remain in the leased premises can be resolved by going over the provision of the lease contract, the pertinent provisions of which state:

"This Contract shall be effective for a period of four (4) years starting July 15, 1986 and ending on July 14, 1990, renewable thereafter at the option of the MIAA.

Notwithstanding any other terms or conditions hereof, the concession hereby granted may be revoked by the MIAA effective thirty (30) days after receipt of written notice of revocation without need of judicial demand. Unless sooner revoked, such permission shall expire in any event upon the expiration date hereinafter set forth. Revocation shall not relieve the CONCESSIONAIRE of any liabilities or obligations hereunder which shall have accrued prior to the effective date of revocation.[13]

Upon termination or expiration of this Contract, the CONCESSIONAIRE shall peaceably vacate the parking area and return its physical possession to MIAA including all existing permanent improvements thereon in good, clean and sanitary condition, except reasonable wear and tear or those damaged or destroyed by reason of any fortuitous event, in the event that no renewal is entered into by mutual agreement of the parties."[14]

A cursory reading of the lease contract reveals that it was due to expire on July 14, 1990; that in any event, the contract would automatically expire on said date if there had been no revocation prior to the said expiry date. It was also provided that the lessee was bound to turn over the leased premises in a peaceful manner upon the termination or expiration of the lease contract unless the contract is renewed at the option of private respondent.

It is a cardinal rule in the interpretation of contracts that "if the terms of a contract are clear and leave no doubt upon the intention of the contracting parties, the literal meaning of its stipulations shall control."[15] No amount of extrinsic aids are required and no further extraneous sources are necessary in order to ascertain the parties' intent.[16]

From the foregoing, it is incontrovertible that the contract had expired on July 14, 1990. Having been "made for a determinate time," the lease ceased "upon the day fixed, without need of demand." [17] Having thus expired, this Court is inevitably confronted with the question of whether the "agreements" for petitioner to stay on the leased premises up to January 1, 1991 and subsequently, up to March 31, 1991 were extensions of the original period of the lease contract or a renewal thereof.

Petitioner claims a renewal of the contract had been entered into on the basis of private respondent's grant of two extensions. The Solicitor General, disagreeing with this posture, with which the Court of Appeals, as well as this Court, concur, asserts:

"It is fallacious because delineation should be made between 'RENEWAL' of the Contract and 'EXTENSION OF THE PERIOD' thereof. The rule is most elementary:

‘The renewal of a contract connotes the cessation of the old contract and the birth of another one. It means the passing away of the old one and the emergence of the new one.’ (Herrera v. Buencamino, Sp-00037, April 29, 1983). It is also the ‘recreation and/or replacement of an old contract.” (Gustilo v. Gustilo, 65701-R, June 1, 1981).

Even more distinct is the ruling of the Supreme Court in Ong v. Ramolete, (51 SCRA 18) citing Blanck v. Kimland Realty Co., (122 Conn. 317 189 Atl. 176) thus:

‘A distinction between a stipulation to RENEW a lease and one to EXTEND it for an additional period beyond the original term usually requires the execution of a new lease, while the latter does not.

Moreover, a clause in a lease providing for an extension, operates of its own force to create an additional term, but a clause providing for a renewal, does not have a similar effect but merely creates an obligation to execute a new lease contract for the additional term. (Arnett v. Lewis, 37 U.L.A. 71, 45 N.E. (2d) 313; Lexington Flying Service, Inc. v. Andersen’s Exr., 239 S.W. (2d) 945).

It is crystal clear, therefore, that precisely because ‘renewal of the contract’ connotes the death or cessation of the old contract, then it is necessary that a new one be executed between the parties. This is certainly not so in the case at bar. The Lease Contract had only a RENEWAL CLAUSE (par. 4.01). When the contract expired on July 14, 1990, the parties did not renew the contract or execute a new one. Out of contract or execute a new one. Out of petitioner’s own magnanimity, however, it EXTENDED only the PERIOD of the contract not only once, but twice. And in these extensions of the period, specific dates were mentioned. The intention of petitioner, therefore, was clearly to set a definite period for the extensions and NEVER to RENEW the contract. In fact, petitioner had always informed respondents of its intention NOT TO RENEW THE CONTRACT, in the exercise of its option under the Contract.

Thus, in the absence of an existing contract, Inter-Asia has no legal right to speak of which the respondent Judge could protect by the writ of preliminary injunction that he issued. Indeed, in the absence of such right, said writ could only have the effect of maintaining Inter-Asia in the leased premises despite the fact that it has no more right to stay and operate in the premises. To the extent that it allows Inter-Asia to remain in the parking lots after July 14, 1990, the questioned writ of preliminary injunction is a patent nullity, issued without or in excess of jurisdiction.”[18]

Contrary, therefore, to petitioner’s submission, it has failed to establish its right to the issuance of the writ. In fact, the act being enjoined was not a unilateral act on the part of private respondent as the lower court concluded but a logical consequence of the expiration of the lease contract, an act mutually agreed upon by the parties.

Consequently, the trial court’s grounds for granting the writ of preliminary injunction have no bases in fact and in law. First, it failed to indicate that petitioner had a right that should be protected. Obviously, it could not have shown that the termination of the contract of lease violated any right. Second, the only evidence needed by the trial court to justify the issuance of the writ, if indeed there was a need to issue one, was the lease contract itself which, though evidentiary in nature, would have shown, at first glance, that petitioner was not entitled to the writ, even without a full-blown trial. Admittedly, a party cannot unilaterally terminate a bilateral contract without judicial intervention to determine whether the grounds for such termination are valid or not. However, the situation before the Court is not a unilateral termination of the contract in question by private respondent but a consequence of the parties’ stipulation of a determinate period for its expiration.

Whatever damage or loss may have been incurred by petitioner from the termination of the contract was solely of its own making. It claimed that it expanded its services and made substantial additional investments after having been assured informally and verbally by certain key personnel of private respondent that proper adjustments in the concessionaire fee and/or the rates of the parking charges, including a probable renewal of the lease contract,

would be negotiated and fixed later.[19] It should be noted, however, that under the terms of the lease contract, its renewal would be at the option of private respondent and not of petitioner. The latter only has itself to blame if it improved leased premises and made a substantial investment based merely on some vague verbal assurance by personnel who had no authority to bind respondent that the lease contract may probably be renewed.

In the case of *Fernandez v. CA*, [20] this court held that "an alleged verbal assurance of renewal of a lease is inadmissible to qualify the terms of the written lease agreement under the parole evidence rule [21] and unenforceable under the Statute of Frauds. [22]

In view of the foregoing, this Court deems it unnecessary to expatiate on the above issue.

WHEREFORE, finding no reversible error in the decision of the Court of Appeals, the petition is DENIED.

SO ORDERED.

Regalado (Chairman), Puno, Mendoza, and Torres, Jr., JJ., concur.

[1] Penned by Justice Ricardo L. Pronove, Jr. of the Special Fifteenth Division with Justices Luis A. Javellana and Fortunato A. Vailoces concurring and Justices Nicolas P. Lapena, Jr. and Consuelo Ynares-Santiago dissenting.

[2] Order dated April 17, 1991, p. 59, Rollo.

[3] P. 14, Rollo.

[4] G.R. No. 115106, March 15, 1996.

[5] *Del Rosario v. Court of Appeals*, supra, citing Francisco, Vicente J., *The Revised Rules of Court in the Philippines* 1985 ed., Rules 57-61, pp. 174-175.

[6] 178 SCRA 76 (1989).

[7] Supra citing *Bataclan v. Court of Appeals*, 175 SCRA 764 (1989).

[8] *Gouvernement Service Insurance System v. Florendo*, supra citing *Detective and Protective Bureau, Inc. v. Cloribel*, 26 SCRA 255 (1968).

[9] *Cagayan de Oro City Landless Residents Association, Inc. v. Court of Appeals*, G.R. No. 106043, March 4, 1996 citing *Sales v. Securities and Exchange Commission*, 169 SCRA 109 (1989).

[10] Supra citing *Capitol Medical Center Inc. v. Court of Appeals* 493 (1989).

[11] Petition, pp. 27-28, Rollo.

[12] Order dated April 17, 1991, p. 60, Rollo.

[13] Sections 4.01 and 4.02, Article IV of the Contract of Lease p. 43, Rollo.

[14] Section 11.01, Article XI of the Contract of Lease, p. 48, Rollo.

[15] *Abella v. Court of Appeals*, G.R. No. 107606, June 20, 1996 Citing Article 1370, Civil Code of the Philippines as cited in *Lufthansa German Airlines v. Court of Appeals*, 208 SCRA 708 (1992) and *Cachola, Jr. v. Court of Appeals*, 208 SCRA 496 (1992).

[16] Supra.

[17] Del Rosario v. Balagot, 166 SCRA 429 (1988) citing Article 1669, Civil Code.

[18] Comment, pp. 133-134, Rollo.

[19] Petition, pp. 27-28, Rollo.

[20] 166 SCRA 577 (1988).

[21] Citing Syquia v. Court of Appeals, 151 SCRA 351 (1987).

[22] Article 1403 (2), Civil Code.

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