

SYNDICATED MEDIA ACCESS CORPORATION AND WILLIAM M. ESPOSO, PETITIONERS, VS. COURT OF APPEALS, BOARD OF ADMINISTRATORS OF RADIO PHILIPPINES NETWORK, INC., RONALDO V. PUNO, QUINTI...

G.R. No. 106982. March 11, 1993

Ponente: BELLOSILLO, J.

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BELLOSILLO, J.:

This Petition for Certiorari with prayer for the issuance of a temporary restraining order assails the Order of 8 September 1992 of respondent Court of Appeals which enjoined herein petitioners and all persons acting in their behalf from enforcing the Order of 10 August 1992 of Branch 138 of the Regional Trial Court of Makati.[1]

On 8 April 1986, then President Aquino issued E.O. No. 11 creating the Board of Administrators of Radio Philippines Network, Inc. (RPN-9), to manage and operate the business concerns, functions and affairs of RPN-9, have custody of its funds and assets subject to the control and supervision of the PCGG, and preserve, maintain and operate its assets.[2]

On 7 November 1992, petitioner Syndicated Media Access Corporation (SMAC), represented by its President and Chairman of the Board, herein petitioner William M. Esposo, entered into a management agreement with respondent Board for a period of 27 months commencing from 1 October 1990 to 31 December 1992. This period was subsequently extended up to 31 December 1993.[3]

On 14 July 1992, herein private respondents Ronaldo V. Puno, Quintin Pastrana, Melvin Mendoza, Benito Padilla, German Gonzales, Sr., and Benito Catindig were appointed as new members of respondent Board.[4]

On 21 July 1992, petitioners SMAC and Esposo instituted an action for damages and injunction against private respondents before the Regional Trial Court of Makati, docketed as Civil Case No. 92-2022. In their Complaint, SMAC and Esposo averred that private respondents “threaten(ed) and as a matter of fact (have) taken definite steps to commit a breach of the agreement particularly by replacing plaintiff William Esposo (herein petitioner) as President of RPN-9 in total disregard and violation” of the management contract.[5] Petitioners therefore asked the court to enjoin respondent Board from replacing Esposo as President of RPN-9.

The trial court issued a temporary restraining order and set for hearing the prayer for preliminary injunction.

On 29 July 1992, private respondents were restrained by the Regional Trial Court of Quezon City, Branch 102, in Civil Case No. Q-92-12878 from “further enforcing and implementing the Management Agreement entered into by the x x x BOA with x x x SMAC until further orders from the Court.”[6]

On 10 August 1992, the Makati Court issued a Writ of Preliminary Injunction prohibiting private respondents from “further taking steps to replace William Esposo as President of RPN-9 and other officers who are nominees of plaintiff SMAC as provided for in the Management Agreement and from taking over the management of

RPN-9 from plaintiffs, or otherwise interfering in the exercise by the plaintiffs of the functions delegated to them under the Agreement.”[7] This, despite knowledge that the Quezon City Court had enjoined private respondents from implementing the management contract.

On 14 August 1992, private respondents elevated the aforesaid order granting preliminary injunction to the Court of Appeals by way of a Petition for Certiorari. They questioned the right of petitioners to the injunctive relief.

On 19 August 1992, respondent Court of Appeals issued a temporary restraining order enjoining the Makati Court from enforcing its Order of 10 August 1992. On 25 August 1992, oral arguments by the parties were heard.

On 8 September 1992, the appellate court enjoined petitioners and all other persons acting in their behalf from “executing and enforcing the assailed order dated August 10, 1992”. [8] Hence, the filing of the instant petition.

The only issue for consideration is whether or not petitioners are entitled to the injunctive relief prayed for.

It is well-settled that to be entitled to an injunctive writ, a party must show that: (1) the invasion of right sought to be protected is material and substantial; (2) the right of complainant is clear and unmistakable; and, (3) there is an urgent and paramount necessity for the writ to prevent serious damage.[9]

Unfortunately, petitioners have failed to show that there is an urgent and paramount necessity for the issuance of a Writ of Preliminary Injunction.

The action for damages and injunction was founded on newspaper accounts whereby respondent Puno reportedly announced that he would “personally replace the incumbent President of RPN-9, plaintiff William M. Esposo, a nominee of SMAC to the position.”[10] However, a perusal of the newspaper accounts attached to the petition as Annexes “D” and “E” shows that respondent Puno was merely named as Chairman and Acting President of the RPN-9 Task Force which is totally distinct and separate from the position of President of RPN-9.[11] In fact, petitioner Esposo remains to this date the President of RPN-9. He was never replaced, hence, there was then no basis for the grant of injunctive relief.

Thus, while the evidence to be submitted during the hearing on the motion for preliminary injunction need not be conclusive or complete, the evidence needed being only a “sampling” and intended merely to give the court an idea of the justification for the preliminary injunction pending the decision of the case on the merits,[12] still, said evidence must rest on solid grounds and not on mere hearsay or unfounded fears.

Petitioners further question the new set of guidelines for the management of RPN-9 issued by respondent Board on 22 July 1992. They claim that this violates the terms of the management contract. Their contention is anchored on the provision in the Agreement which limits the power of respondent Board to “(f)ormulate, review, modify, amend or supersede corporate policies, guidelines, rules and regulations” only to those which are “not inconsistent with Executive Order No. 11 or existing agreements.”[13]

It is the view of petitioners that the management contract entered into by the parties herein is one of the “existing agreements” contemplated by them, and that since the parties agreed that SMAC shall “take charge of the day to day operations of all aspects of the radio and television business operations of RPN,”[14] the new guidelines issued by respondent Board prevented them from fully exercising the functions which were delegated to them under the management contract.

The interpretation of petitioners is strained. If the parties intended to limit the power of respondent Board to issue policies and guidelines to those which are not inconsistent with E.O. No. 11 and “existing agreements,” including the instant management agreement, such limitation should have been specifically provided in the agreement. But no such express limitation was drafted into the contract. Instead, the general phrase “existing agreements,” was

used. And rightly so, for the parties intended that respondent Board should honor all existing agreements entered into by SMAC with other parties in behalf of RPN-9.

Indeed, the scope of management services of petitioner SMAC was, and is, “subject to the policies, guidelines, rules and regulations now and hereafter promulgated” by respondent Board. The new guidelines of respondent Board received by petitioner Esposo on 22 July 1992 were simply policies “hereafter promulgated,” thus, of legal force and effect. It was not an encroachment on petitioners’ prerogative to manage the day to day operations of RPN-9. After all, Section 1.1 of the Agreement reads -

“1.1. Subject to the policies, guidelines, rules and regulations now and hereafter promulgated by the Board of Administrators of RPN, SMAC shall take charge of the day to day operations of all aspects of the radio and television business operations of RPN and perform the following powers and functions, subject to the control and supervision of the Board of Administrators of RPN” (italics supplied).

A word more. There are actually two (2) cases filed involving the same parties and affecting closely related subject matters, i.e., one in Makati which is the instant case, and the other, in Quezon City. The Makati case pertains to the complaint for damages and injunction filed by petitioners SMAC and Esposo wherein they claim that respondent Board is preventing them from exercising the functions delegated to them under the “Agreement.” The case in Quezon City questions the validity of that very “Agreement.” Consequently, to avoid varying conclusions, these cases must be consolidated and jointly tried in Makati where the earlier case was filed, conformably with established procedure.

ACCORDINGLY, the Court RESOLVES to DENY DUE COURSE to the Petition for Review on Certiorari. The Writ of Preliminary Injunction heretofore issued by the Court of Appeals in its Order of 8 September 1992 is made PERMANENT.

Let this case be remanded to the Regional Trial Court of Makati for further proceedings.

Cost against petitioners.
SO ORDERED.

Cruz, (Chairman), Griño-Aquino, and Quiason, JJ., concur.

[1] Rollo, pp. 49-50.

[2] Comment, p. 3; Rollo, p. 155.

[3] Petition, Annex “A”; Rollo, p. 44.

[4] Comment, p. 8; Rollo, p. 160.

[5] Petition, Annex “G”; Rollo, p. 67.

[6] Comment, p. 9; Rollo, p. 161.

[7] Comment, Annex “A”, p. 4.

[8] See Note 1, p. 49.

[9] *Dionisio v. Ortiz*, G.R. No. 95738, 10 December 1991, 204 SCRA 745.

[10] Rollo, p. 67.

[11] Comment, p. 15; Rollo, p. 167.

[12] *Olalia v. Hizon*, G.R. No. 87913, 6 May 1991, 196 SCRA 665.

[13] Petition, Annex “C”, p. 6; Rollo, p. 56.

[14] Petition, Annex “C”, p. 2; Rollo, p. 52.

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