

CORAZON C. SHIN AND CHUNG HWA KYOON, PETITIONERS, VS. COURT OF APPEALS, ALORASAN REALTY DEVELOPMENT CORPORATION, AND NORDY DIPLOMA, RESPONDENTS.

G.R. No. 113627. February 06, 2001

Ponente: PARDO, J.

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PARDO, J.:

The case is a petition for review on certiorari of the decision[1] of the Court of Appeals which set aside the injunction granted in favor of Corazon Shin and Chung Hwa Kyoony, and the resolution[2] enjoining reconsideration.

Alorasan Realty Development Corporation (Alorasan) is the registered owner of a parcel of land and building located at 2332 Roxas Boulevard, Pasay City, with an area of approximately 1,800 square meters.

On January 1, 1981, Alorasan leased the lot and building to Nordy Diploma for a period of one (1) year. After a year, the parties verbally renewed the lease on month to month basis.

On May 21, 1990, Nordy Diploma represented himself to be the owner of the property and leased it to Chung Hwa Koon for a period of three (3) years, commencing June 15, 1990 to June 14, 1993, renewable for another two years. Chung Hwa Koon paid Diploma the sum of P360,000.00 as advance rentals.

On November 14, 1990, Chung assigned his rights over the lease contract to Corazon Shin. A month later, Chung Hwa Koon and Corazon Shin entered into a partnership agreement over the property and introduced improvements for its eventual operation as a restaurant, disco joint, and offices.

Shin and Chung thereafter approached Nordy Diploma to negotiate a longer lease period of at least ten years to allow them enough time to expand their business and construct on the leased premises a two-storey building to be utilized as a health club. Nordy Diploma approved the proposal. Subsequently, Chung and Shin proceeded with the construction of the building.

However, in April 1991, Alorasan learned about the new building being constructed on the premises and manifested its objection to the construction. Consequently, Shin and Chung discovered that Nordy Diploma was not the real owner of the leased premises, and that Alorasan Realty Development Corporation owned the lot.

On April 17, 1991, Alorasan advised Nordy Diploma in writing that it was terminating the lease contract and demanded that he vacate the leased premises. On May 6, 1991, Alorasan sent another letter to Nordy Diploma, giving the latter fifteen (15) days from receipt within which to vacate the leased premises. Despite the letters, Nordy Diploma refused to vacate. Consequently, on June 7, 1991, Alorasan filed with the Metropolitan Trial Court, Pasay City an action for unlawful detainer against Nordy Diploma.[3]

Meanwhile, the Pasay City Building Official, upon complaint of Alorasan, directed Shin and Chung to stop construction of the building for lack of showing that they had the necessary building permit. Aggrieved by the turn of events in the face of the near completion of their building, on October 8, 1991, Shin and Chung filed with

the Regional Trial Court, Pasay City a complaint for damages with preliminary injunction against Nordy Diploma, Alorasan and the Pasay City Building Official.[4]

On July 15, 1992, the trial court issued an order[5] granting a writ of preliminary injunction and enjoining Alorasan, Nordy Diploma and the Pasay City Building Official from disturbing, obstructing, and/or hampering Shin and Chung's possession and use of the leased premises. On August 11, 1992, Alorasan filed with the Court of Appeals a petition questioning the trial court's issuance of the injunction order.[6]

In the meantime, on July 28, 1992, the Metropolitan Trial Court, Pasay City decided Alorasan's complaint for ejectment against Nordy Diploma. The court ordered Nordy Diploma to vacate the premises and peacefully surrender possession of the premises to Alorasan.[7] The decision became final and executory and a writ of execution was subsequently issued.

On August 31, 1993, the Court of Appeals promulgated its decision finding that the issuance of the writ of preliminary injunction was improper and reversed the trial court's ruling. The Court of Appeals found the injunction unnecessary, as there was no showing that Nordy Diploma and Alorasan would not be able to compensate Shin and Chung for the damages sought. The Court of Appeals also noted that Shin and Chung, while praying for the nullification of their lease contract with Nordy Diploma, at the same time insisted on maintaining possession of the premises on the basis of the same lease contract. The Court of Appeals likewise held that the injunction prematurely assumed that Alorasan was in bad faith, before evidence had been presented in the trial court. Thus, the Court of Appeals set aside the order granting the preliminary injunction.[8]

Hence, this petition.[9]

Petitioners contend that the trial court issued a writ of preliminary injunction considering petitioners' right of possession and equity. They allege that the Court of Appeals improperly based its decision on Alorasan's defenses even if there had been no trial on the merits. Petitioners also ask the Court to rule not only on the injunction but also on the merits of the damage suit.

On the other hand, respondent Alorasan contends that the petition has become moot because petitioners had been ousted from the premises by a writ of execution[10] issued by the Metropolitan Trial Court, Pasay City in Civil Case No. 146-91, for unlawful detainer. The building was demolished and the premises turned over to respondent Alorasan.

Respondent Nordy Diploma alleges that the merits of the case had not been heard, thus making the injunctive writ premature.[11]

The issue is whether or not the Court of Appeals erred when it set aside the writ of injunction that the regional trial court issued.

"A preliminary injunction is an order granted at any stage of an action or proceeding prior to the judgment or final order, requiring a party or a court, agency or a person to refrain from a particular act or acts." [12] Before a writ of preliminary injunction may be issued, there must be a clear showing by the complaint that there exists a right to be protected and that the acts against which the writ is to be directed are violative of the said right.[13]

As the facts reveal, petitioners are in effect sublessees, having leased the land from a lessee of the property. "A sublessee can invoke no right superior to that of his sublessor." [14] "The sublessees' right, if any, is to demand reparation for damages from his sublessor, should the latter be at fault. The sublessees can only assert such right of possession as could have been granted them by their sublessor, their right of possession depending entirely upon that of the latter." [15] Considering that the lessor and real owner of the property manifested objections to the

improvements introduced by petitioners and the subsequent termination of the lease contract between the lessor-owner and the lessee-sublessor, petitioners, being mere sublessees, are not in a position to assert any right to remain on the land.

Therefore, the Court of Appeals did not err in setting aside the writ of preliminary injunction that the trial court issued.

With the clear admission that respondent Nordy Diploma was not the owner of the lot and that petitioners believed in good faith that they were dealing with the owner of the property, petitioners may be entitled to damages. We cannot, however, make a ruling on the extent of the damages to which petitioners are entitled, pending trial of the case on the merits.

WHEREFORE, the Court denies the petition and affirms the decision of the Court of Appeals in CA-G. R. SP No. 28643.

No costs.

SO ORDERED.

Davide, Jr., C.J., Puno, Kapunan, and Ynares-Santiago, JJ., concur.

[1] In CA-G. R. SP No. 28643, promulgated on August 31, 1993, Justice Ricardo P. Galvez, ponente, Justices Alfredo L. Benipayo and Oscar M. Herrera, concurring. Petition, Annex "A", Rollo, pp. 48-55.

[2] Dated December 23, 1993. Petition, Annex "E", Rollo, p. 127.

[3] Docketed as Civil Case No. 146-91. Comment, Annex "C", Rollo, pp. 175-179.

[4] Filed October 8, 1991, docketed as Civil Case No. 8455. Petition, Annex "B", Rollo, pp. 57-78

[5] Petition, Annex "C", Regional Trial Court, Pasay City, Branch 119, Judge Aurora B. Navarrete-Reciña, presiding, Rollo, pp. 102-103.

[6] Docketed as CA-G. R. SP No. 28643. Comment, Annex "D", Rollo, pp. 189-214.

[7] Reply to Comment, Annex "A", CA Rollo, pp. 218-224.

[8] Petition, Annex "A", Rollo, pp. 48-55.

[9] Petition, filed on March 17, 1994, Rollo, pp. 9-47.

[10] Comment, Annex "A", Rollo, pp. 170-172.

[11] Comment, Rollo, pp. 313-314.

[12] Rule 58, Section 1, 1997 Rules of Civil Procedure, as amended.

[13] China Banking Corporation v. Court of Appeals, 333 Phil. 158, 173 (1996).

[14] Heirs of Eugenio Sevilla, Inc. v. Court of Appeals, 206 SCRA 559, 566 (1992).

[15] Guevara Realty, Inc. v. Court of Appeals, 160 SCRA 478, 482 (1988).

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