

BERNARD RAYMOND T. SAULOG, VIRGINIA A. SAULOG, TEODORO A. SAULOG, MAURA S. AGUINALDO, SUSAN SAULOG, MELQUIADES A. SAULOG, LILIA S. VENTURINA, MARIETTA S. VERGARA, DAGUPAN BUS CO...

G.R. No. 119769. September 18, 1996

Ponente: HERMOSISIMA, JR., J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-119769/>

HERMOSISIMA, JR., J.:

This is a petition for review under Rule 45 with prayer for the issuance of a temporary restraining order/preliminary injunction which seeks the review of the decision[1] of the Court of Appeals which sustained the Order[2] of the Regional Trial Court of Quezon City[3] granting a writ of preliminary injunction in favor of private respondent Gamma Holdings Corporation.

On April 8, 1994, private respondent Gamma Holdings Corporation filed a complaint[4] with the Regional Trial Court of Quezon City against petitioners Bernard Raymond T. Saulog, Virginia A. Saulog, Teodoro A. Saulog, Maura S. Aguinaldo, Susan Saulog, Melquiades A. Saulog, Lilia S. Venturina, Marietta S. Vergara, Dagupan Bus Company, Inc. and Saulog Transit, Inc., and prayed that:

"1. A temporary restraining order and, subsequently, a writ of preliminary injunction be issued restraining and enjoining the individual defendants from selling any of the shares of stock in the two defendant bus companies and the two defendant bus companies and any of their officers, agents or representatives from selling, pledging, mortgaging, encumbering, or transferring any of their assets during the pendency of the case.

2. After trial, judgment be rendered as follows:

2.1. On the first and second alternative causes of action, ordering the individual defendants to specifically perform and comply with the agreement or their promises to sell all the stock in the defendant bus companies to plaintiff at a price to be determined under the aforesaid formula; or

2.2. On the third alternative and fourth alternative causes of action, ordering the defendants to specifically perform and comply with the agreement or their promises to sell all the assets of the defendant bus companies to plaintiff at the same price; and

2.3. On the fifth cause of action, ordering defendants Teodoro A. Saulog, Susan Saulog, Melquiades A. Saulog, Lilia S. Venturina and Marietta S. Vergara and the two defendant bus companies, jointly and severally, to pay the plaintiff actual damages of Seven Million Pesos (P7,000,000.00), exemplary damages in an amount to be determined by the Honorable Court but not less than Two Million Pesos (P2,000,000.00), and attorney's fees and expenses of litigation in the amount of One Million Pesos (P1,000,000.00), plus costs.

x x x x x x x x."[5]

Private respondent alleged inter alia that over a period of several months, private respondent Gamma Holdings Corporation,[6] through its representatives, Rene B. Azurin and Gregorio Araneta III, engaged in extensive

negotiations with the individual petitioners who are the stockholders of the Dagupan Bus Company, Inc. (DBC) and the Saulog Transit, Inc. (STI)[7] for the purchase of all the assets and, later, of all the outstanding stocks in the two bus companies. They agreed, initially, on the purchase and sale of all the assets of the two bus companies. While the parties were in the process of documentation of the sale, the petitioners became aware of their tax burden under such an agreement. Studies were undertaken at finding a way to implement the sale with the least tax burden for the petitioners. The petitioners came up with the idea and, accordingly, made a proposal that the sale of the assets could be transformed instead into a sale of all the stocks of the two (2) bus companies, having determined that the taxes to be paid by them would be lesser under such a scheme. The proposal became the subject of several meetings/discussions between the individual petitioners and the private respondent's representatives. Eventually, they agreed on a stock purchase agreement.[8]

In a meeting held on or about May 13, 1993, the parties agreed on the terms of the sale. Forthwith, the individual petitioners and/or their authorized representatives and private respondent's representative individually signed copies of the "Terms of DBC-STI Sale." [9] Rene Azurin signed for the private respondent in the copies of the said "Terms of DBC-STI Sale" which were retained by the petitioners. Thereafter, private respondent made demands on the petitioners to implement the sale and comply with their agreement.[10] Five of the individual petitioners, namely: Teodoro A. Saulog, Susan A. Saulog, Melquiades A. Saulog, Lilia S. Venturina and Marietta S. Vergara, refused to comply with the agreement. On account of this refusal and in view of information that the petitioners were offering for sale to other parties their shares of stock in the two (2) bus companies and some or all of the assets thereof, the private respondent filed the complaint adverted to above against all the petitioners.[11]

The trial court issued the temporary restraining order prayed for. At the hearing on the preliminary injunction, private respondent manifested that it was submitting the matter on the bases of the pleadings submitted by the parties. Thus, it was upon such pleadings, i.e., verified complaint, opposition and reply to opposition, that the trial court ruled affirmatively on the application for the issuance of a writ of preliminary injunction, in its order dated April 29, 1994, a pertinent portion of which reads:

"After evaluating the arguments of both parties and their annexes, the Court finds a necessity to issue a preliminary injunction, it appearing that an agreement denominated as "Terms of DBC-STI Sale" (Annexes 'A' to 'A-5') bears the signature of the parties. Defendants' allegations against the said documents are mainly evidentiary in nature so much so that there is a necessity to hear and receive evidence on the circumstances attendant thereto. Moreover, it also appears that there is no rescission yet of Annexes 'A' to 'A-5'. Again, this is also a matter of evidence. Thus, the necessity in the meantime to preserve the subjects of this case which are the stocks of the Dagupan Bus Company, Inc. and Saulog Transit, Inc. treated in the 'Terms of DBC-STI Sale'.

WHEREFORE, premises above considered, let a preliminary injunction issue hereby restraining and enjoining the individual defendants from selling any of the shares of stock in the two defendant bus companies and the two defendant bus companies and any of their officers, agents or representatives from selling, pledging, mortgaging, encumbering, or transferring any of their assets during the pendency of this case upon a plaintiff's bond of P500,000.00 to answer for any and all damages that may inure to the defendants by virtue of this Order." [12]

The petitioners moved to reconsider the aforequoted order but, when the motion for reconsideration remained unresolved for a considerable period of time, the petitioners withdrew the same, and filed a petition for certiorari with the Court of Appeals.[13]

In a decision[14] promulgated on March 31, 1995, the Court of Appeals dismissed the petition for certiorari upon the main ground that in such a petition, questions of fact are not generally permitted and that the Court of Appeals has no jurisdiction to rule on the merits of the case which was not on appeal.

The decision of the Court of Appeals is now before us in this petition for certiorari, anchored on the following assignment of errors:

A

"THE COURT OF APPEALS ERRED IN FINDING THAT THE PRESIDING JUDGE OF THE COURT A QUO PROPERLY EXERCISED HIS DISCRETION IN ISSUING THE INJUNCTIVE ORDER WHEN IN FACT, THERE WAS NOTHING ON RECORD TO SUPPORT THE ISSUANCE OF THE WRIT OF PRELIMINARY INJUNCTION.

B

THE COURT OF APPEALS ERRED IN NOT BALANCING THE PARAMOUNT INTERESTS OF PUBLIC POLICY, WELFARE, NECESSITY AND CONVENIENCE AS AGAINST THE MERE PRIVATE AND NEBULOUS INTEREST OF PRIVATE RESPONDENT."

On August 18, 1995, the court issued a temporary restraining order[15] against the implementation of the Court of Appeals' decision of March 31, 1995 and the Regional Trial Court's order of April 29, 1994.

In opposition thereto, the petitioners principally contend that there is no basis for the issuance of the writ of preliminary injunction because the private respondent has failed to show that it has a clear legal right thereto and that it is entitled to the relief demanded in the complaint. Further, petitioners alleged that the private respondent's reliance on the documents denominated as the "Terms of DBC-STI Sale"[16] in its claim of the right to such writ and entitlement to the relief prayed for is utterly misplaced and unavailing as the said "Terms of DBC-STI Sale" are not valid and enforceable contracts because, firstly, the petitioners and the private respondent as parties to the proposed purchase transaction have not agreed on the final terms and conditions thereof; secondly, the said Terms of DBC-STI Sale" do not bear the signature of all the parties, alleging that the same have not been signed by all the petitioners and that there is no signature of anyone representing the private respondent indicated therein, not to mention the fact that there is no indication either that the two (2) bus companies, the DBC and the STI, were represented; and thirdly, the said "Terms of DBC-STI Sale" failed to meet the requirement of the Statute of Frauds[17] as they are allegedly not sufficient notes or memoranda in contemplation thereof. At the most, petitioners allege, the said "Terms of DBC-STI Sale" merely serves as basis or guide for further negotiations on all the essential terms, as, in fact, such negotiations were further held.

The principal issue raised in this petition is whether or not the trial court properly exercised its discretion in issuing the assailed order for a writ of preliminary injunction, upon the claim that the private respondent is not entitled to the injunctive relief prayed for.

A preliminary injunction is an order granted at any stage of an action prior to final judgment, requiring a person to refrain from a particular act.[18] It may be granted at any time after the commencement of the action and before final judgment, when it is established that the plaintiff is entitled to the relief demanded, and the whole or part of such relief consists in restraining the commission or continuance of the acts complained of, or in the performance of an act or acts, either for a limited period or perpetually; that the commission or continuance of some act complained of during the litigation or the non-performance thereof would probably work injustice to the plaintiff; or 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 respecting the subject of the action, and tending to render the judgment ineffectual.[19]

A preliminary injunction, as the term itself suggests, is merely temporary, subject to the final disposition of the principal action[20] and its purpose is to preserve the status quo of the things subject of the action and/or the relation between the parties, in order to protect the right of the plaintiff respecting the subject of the action during the pendency of the suit. Otherwise or if no preliminary injunction were issued, the defendant may, before final

judgment, do or continue the doing of the act which the plaintiff asks the court to restrain, and thus make ineffectual the final judgment rendered afterwards granting the relief sought by the plaintiff.[21] Its issuance rests entirely within the discretion of the court taking cognizance of the case and is generally not interfered with except in cases of manifest abuse.[22]

Two requisites are necessary if an injunction is to issue, namely, (1) the existence of the right to be protected, and (2) that the acts against which the injunction is to be directed are violative of said right.[23] In particular, for a writ of preliminary injunction to issue, the existence of the right and the violation must appear in the allegations of the complaint. A preliminary injunction is proper only when the plaintiff appears to be entitled to the relief demanded in his complaint.[24]

Moreover, injunction, like other equitable remedies, will issue only at the instance of a suitor who has sufficient interest or title in the right or property sought to be protected. Hence, for the court to act, there must be an existing basis of facts affording a present right which is directly threatened by an act sought to be enjoined.[25] And while a clear showing of the right claimed is necessary, its existence need not be conclusively established.[26] In fact, the evidence to be submitted to justify preliminary injunction at the hearing thereon need not be conclusive or complete but need only be a "sampling" intended merely to give the court an idea of the justification for the preliminary injunction pending the decision of the case on the merits.[27] This should really be so since our concern here involves only the propriety of the preliminary injunction and not the merits of the case still pending with the trial court.

Thus, to be entitled to the writ of preliminary injunction, the private respondent needs only to show that it has the ostensible right to the final relief prayed for in its complaint which, in this case, consists of the petitioners' compliance with their agreement to sell to respondent all of the assets and/or the stocks of the petitioner bus companies, and that the petitioners have threatened by impending acts to sell, pledge, mortgage, encumber or transfer any and/or all of the assets and/or the stocks of the two bus companies.

Evidently, the question as to whether or not the private respondent possesses the requisite right hinges on whether or not there was a valid and enforceable agreement between the parties with respect to the sale of all the assets and/or the stocks of the bus companies. As alleged in its complaint, the private respondent claims that there was such an agreement as evidenced by the "Terms of DBC-STI Sale" which were signed by the petitioners and/or their authorized representatives and by Rene B. Azurin in behalf of the private respondent.

It is to be understood that a signature in a document prima facie establishes that the signatory consents and adheres to the contents thereof in the absence of circumstances vitiating consent, e.g. fraud and duress. The trial court found the signatures of the parties in the said "Terms of DBC-STI Sale" and concluded, in effect, that there could, indeed, be such an agreement affording the private respondent a basis for its claimed right to the final relief demanded. Thus, as disclosed by a careful reading of the assailed order, the same was issued primarily, if not solely, on the basis of the finding that the "Terms of DBC-STI Sale" bear the signatures of the parties. Undoubtedly, this finding is one of fact and the rule is settled that factual findings of the trial court are accorded great weight and respect and are even binding on this court, subject only to certain exceptions[28] none of which obtain in this case. This is not to say, however, that the agreement in question is valid and enforceable. It must be noted that the trial court did not rule on the validity and/or enforceability of the agreement, this being a matter to be resolved during trial on the merits. Petitioners' allegations against the agreement in question dwell on the merits of the case.

Indeed, it is apparent that, should the acts sought to be enjoined be not stopped, the petitioners would enjoy the unbridled freedom to dispose of and/or dissipate the assets and/or the stocks of the two bus companies to the

damage and prejudice of the private respondent. Thus, the judgment on the merits would be rendered ineffectual if injunction is not issued. The acts against which the injunction is directed would violate private respondent's right to final relief.

We find that there is ample justification for the issuance of the writ of preliminary injunction herein assailed.

It is worth noting that the order for the issuance of the writ of preliminary injunction is a mere interlocutory order. Ordinarily, it cannot be the subject of an appeal.[29]

WHEREFORE, the petition is DENIED and the Decision of the Court of Appeals dated March 31, 1995 is hereby AFFIRMED. The Temporary Restraining Order issued on August 18, 1995 is accordingly lifted and the Regional Trial Court of Quezon City is directed to proceed with the trial on the merits of Civil Case No. Q-9420184.

SO ORDERED.

Padilla, (Chairman), Bellosillo, Vitug, and Kapunan, JJ., concur.

[1] Rollo, pp. 34-46.

[2] Rollo, pp. 532-533.

[3] Branch 101, presided by Judge Pedro T. Santiago.

[4] Rollo, pp. 47-69.

[5] Id., pp. 67-68.

[6] A duly organized corporation and existing under the laws of the Philippines.

[7] Public utilities with valid franchises and are corporations duly organized and existing under the laws of the Philippines.

[8] Comment, pp. 18-19; Rollo, pp. 615-616.

[9] Annexes "A" to "A-5" of the complaint filed with the RTC.

[10] See note 8, pp. 19-20; Rollo, pp. 616-617.

[11] Petitioners Bernard Raymond T. Saulog, Virginia A. Saulog and Maura S. Aguinaldo manifested willingness to comply with the agreement but they were, nevertheless, impleaded as defendants because they are indispensable or proper parties, the private respondent having negotiated to acquire all of the stock and being unwilling to acquire only part of said stock. (Decision of the Court of Appeals, p. 4; Rollo, p. 37.

[12] See note 2, p. 533.

[13] Relying on the ruling in *Developers Group of Companies, Inc. v. Court of Appeals*, 219 SCRA 715, which allows in similar situations of urgency, public interest and where the question involved is purely one of law the filing with the Court of Appeals a petition for Certiorari (Petition, pp. 5-6; Rollo, pp. 12-13).

[14] See note 1.

[15] Rollo, pp. 582-584.

[16] See note 9.

[17] Article 1403 (2) (d) New Civil Code.

[18] Rule 58, Section 1, Revised Rules of Court.

[19] Section 3, Rule 58, Revised Rules of Court.

[20] Olalia vs. Hizon, 196 SCRA 665, 669 [1991].

[21] Lizares vs. Kintanar, 190 SCRA 585, 591 [1990].

[22] Genoblazo v. Court of Appeals, 174 SCRA 124, 133 [1989]; Cagayan de Oro Landless Residents Association, Inc. (COCLAI) vs. Court of Appeals, and the NHA, G.R. No. 106043, March 4, 1996, citing Calo v. Roldan, 76 Phil. 445 [1946].

[23] National Power Corporation v. Vera, 170 SCRA 721, 727 [1989]; GSIS v. Florendo, 78 SCRA 76, 84 [1989].

[24] Buayan Cattle Co., Inc. vs. Quintillan, 128 SCRA 276, 286 [1984] as reiterated in Toyota Motor Philippines Corporation vs. Court of Appeals, 216 SCRA 236, 251 [1992].

[25] Angela Estate, Inc. v. Court of First Instance of Negros Occidental, 24 SCRA 500, 509 [1968].

[26] Developers Group of Companies, Inc. v. Court of Appeals, 219 SCRA 715, 721 [1993].

[27] See note 19.

[28] FNCB Finance v. Estavillo, 192 SCRA 514, 517 [1990].

[29] Arabesque Industrial Philippines, Inc. v. Court of Appeals, 216 SCRA 602, 606 [1992].

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.