ORO CAM ENTERPRISES, INC., PETITIONER, VS. COURT OF APPEALS, FORMER FOURTH DIVISION AND ANGEL CHAVES, INC., RESPONDENTS.

G.R. No. 128743. November 29, 1999

Ponente: MENDOZA, J.

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MENDOZA, J.:

This is a petition for review of the decision of the Court of Appeal,[1] dated November 27, 1996, annulling an injunctive order of the Regional Trial Court, Branch 37, Cagayan de Oro City, enjoining the enforcement of the writ of execution in an ejectment case and ordering said court to dismiss the petition for certiorari filed by petitioner for lack of cause of action. For the reasons stated hereunder, the decision of the Court of Appeals is affirmed.

The facts are as follows:

Private respondent Angel Chaves, Inc. is the owner of a commercial building in Cagayan de Oro which he leased to several business establishments.

On January 15, 1991, private respondent filed a complaint for unlawful detainer in the Municipal Trial Court in Cities (MTCC), Cagayan de Oro City, docketed as Civil Case No. 13040. The complaint alleged inter alia that-

> 2. Plaintiff owns a commercial building with frontage along J.R. Borja and Yacapin Extension Streets, Cagayan de Oro City leased to business establishments, some of whom are defendants herein, for uniform and fixed period of one (1) year since 1986.
>
> 3. The latest written contracts of lease for 1 year period between the parties were executed on July 31, 1988, with following particulars:
>
> Lessee/Business Name
>
> Lease Period
>
> Monthly rentals
>
> Constancio Manzano
>
> July 1, 1988
>
> P7,750.00

Oro Cam Enterprises

June 30, 1989

Ernesto/Leody Marcoso

July 1, 1988

P3,400.00

Queenie's Jewelry

June 30, 1989

Fortunato Melodia Sr.

July 1, 1988

P3,400.00

Meltrade

June 30, 1989

Alfredo/Elena Co

July 1, 1988

P3,400.00

Oro Jewelry

June 30, 1989

The complaint further alleged that, before the aforementioned leases expired on June 30, 1989, private respondent

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sent forms for new lease contracts to the lessees, indicating increased rentals for the period July 1, 1989 to June 30, 1990, for their signatures, to wit:

Name	New monthly rentals
Oro Cam Enterprises	P10,000.00
Queenie's Jewelry	P 4,000.00
Meltrade	P 4,000.00
Oro Jetcycle	P 4,000.00

Thereafter, private respondent made a demand upon the lessees to pay the increased rent or, otherwise, vacate the premises. The failure of the lessees to comply with the demand of private respondent led to the filing of the suit for unlawful detainer.

In his answer to the complaint, defendant Constancio Manzano, through his counsel, Atty. Cesilo Adaza, alleged:[2]

> 3. That it is not true that in the said contract the monthly rentals of the defendants as stated in paragraph 3 of the complaint are to be paid by the defendants. What was agreed was for the following defendants to pay the following rentals beginning July 1, 1988 and two years thereafter, to wit:

a. Constancio Manzano

Oro Cam Enterprises - P5,000.00

On July 23, 1992, the MTCC rendered a decision dismissing the complaint against three defendants, including petitioner, but ordered the ejectment of the fourth defendant Alfredo Co. The dispositive portion of the MTCC decision reads:

WHEREFORE, premises considered, the court hereby renders judgment as follows:

1. Dismissing complaint as against Manzano (Oro Cam), Melodia (Meltrade) and Marcoso (Queenie's Jewelry) for lack of cause of action.

....

SO ORDERED.

On appeal, the Regional Trial Court, Branch 23, Misamis Oriental, Cagayan de Oro City, reversed the MTCC and ordered the four defendants ejected from the premises. The dispositive portion of the RTC decision ordered defendants-

- To vacate and surrender to plaintiff-appellant the premises in question that they respectively occupied;

- To pay the corresponding reasonable rent of said premises from July 1, 1990 until they have fully vacated the same, at the following rates:

a) Constancio Manzano at P12,500.00 per month

b) Melodia at P5,000.00 per month

c) Ernesto Marcoso at P5,000.00 per month, and

- To pay jointly and solidarily to plaintiff-appellant the sum of P30, 000.00 as attorney's fees and P10,000.00 as litigants expenses, and the costs of the suit.

Vicente Manzano, brother of Constancio Manzano, then filed a petition for review of the RTC decision with the Court of Appeals (CA-GR Sp. No. 34167), alleging that Constancio Manzano had died in the meantime and informing it of his status as administrator of the estate. The Court of Appeals dismissed the petition for having been filed beyond the reglamentary period. The dismissal was subsequently affirmed by this Court in a resolution issued on September 26, 1994 in G.R. No. 116933.

On January 9, 1995, private respondent filed with the MTCC a motion for the issuance of a writ of execution specifically against Constancio Manzano and petitioner Oro Cam Enterprises. Petitioner opposed the motion on the ground that it was never impleaded nor included as party-defendant in the ejectment case (Civil Case No. 13040). It appears that petitioner later filed a petition for certiorari and prohibition, with an application for the issuance of a writ of preliminary injunction, in the Regional Trial Court, Branch 37, Cagayan de Oro City, where the case was docketed as Sp. Civil Case No. 95-560, entitled "Oro Cam Enterprises, Inc. v. Hon. Antonio A. Orcullo and Angel Chaves, Inc." On December 7, 1995, the trial court issued an order granting the application for preliminary injunction, viz.:

WHEREFORE, petitioner's application for preliminary injunction, being meritorious, is hereby GRANTED, and, accordingly, respondents, their agents or representatives or all persons acting on their behalf, are hereby ordered during the pendency of this case to cease and desist and refrain from issuing, implementing, enforcing or carrying out any writ of execution or similar order in Civil Case No. 13040 entitled "Angel Chaves, Inc. vs. Constancio

Manzano, et al." to execute the Decision dated December 27, 1993 rendered by branch 25 of this Court, or from doing or performing other acts prejudicial to the rights of petitioner.[3]

Private respondent then filed a petition for certiorari with the Court of Appeals which, on November 27, 1996, rendered a decision declaring the writ of injunction as null and void, and ordering the trial court to dismiss Sp. Civil Case no. 95-560.

Hence, this petition where petitioner submits the following issues:

> 1. Whether or not the Court of Appeals erred in holding that [petitioner] Oro Cam Enterprises Inc. is privy to the contract of lease between [private respondent] and defendant Constancio Manzano.
>
> 2. Whether or not the Court of Appeals acted without or in excess of jurisdiction with grave abuse of discretion in declaring null and void the order granting the writ of preliminary injunction as an interlocutory order issued by the RTC.
>
> The petition has no merit.
>
> Petitioner contends that Oro Cam Enterprises is a corporation with a personality separate and distinct from the latter and that the Court of Appeals erred in holding that petitioner is privy to the lease agreement between private respondent and Constancio Manzano.
>
> The argument is untenable. As the Court of Appeals pointed out in the appealed decision:
>
> 1. In the complaint for unlawful detainer filed by petitioner ACI with the MTCC of Cagayan de Oro City, docketed as Civil Case No. 13040, it is specifically alleged that:
>
> 2. Plaintiff owns a commercial building with frontage along J.R. Borja and Yacapin Extension Streets, Cagayan de Oro City, leased to business establishments, some of whom are defendants herein, for uniform and fixed period of one (1) year since 1986:
>
> 3. The latest written contracts of lease for 1-year periods between the parties were executed on July 31, 1988, with the following particulars:
>
> Lessee/Business Name
>
> Lease Period
>
> Monthly Rental
>
> Constancio Manzano
>
> July 1, 1988 to
>
> P7,750.00

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> Oro Cam Enterprises June 30, 1989

2. In the Answer dated March 12, 1991 filed by defendant Constancio A. Manzano through his counsel, Atty. Cesilo Adaza, he did not deny that he/Oro Cam is a lessee of petitioner ACI, thus:

3. That it is not true that in the said contract the monthly rentals of the defendants as stated in paragraph 3 of the complaint are to be paid by the defendants. What was agreed was for the following defendants to pay the following rentals beginning July 1, 1988 and tow year thereafter to:

a. Constancio Manzano

Oro Cam Enterprises - P5,000.00

x x x x x x x x x

3.The dispositive portion of the decision rendered by MTCC reads:

WHEREFORE, premises considered, the court hereby renders judgment as follows:

1. Dismissing complaint as against Manzano (Oro Cam), Melodia (Meltrade) and Marcoso (Queenie's Jewelry) for lack of cause of action.

x x x x x x x x x

SO ORDERED.

Cagayan de Oro City, July 23, 1992

4. On appeal to the Regional Trial Court of Misamis Oriental (Branch 23), Cagayan de Oro City, docketed as Civil Case No. 92-486, Oro Cam is undeniably interlinked with defendant-appellee Manzano, to wit:

In consequence, there [are] subsisting and binding oral lease contracts between appellant and the respective appellees during the period July 1, 1989 up to June 30, 1990; which were at the agreed monthly rates of P10,000.00 for three (3) doors of appellant's building in the case of Constancio Manzano (Oro Cam) and P4,000.00 each for Appellees Melodia (Meltrade) and the Marcoso (Queenie's Jewelry).

Indeed, this agreed rate of rentals is borne out by the evidence on record and affirmed by the rebuttal evidences:

> a) O.R. No. 2755 (Exh. 16) issued in the name of Oro Cam Ent. Inc. for the declared sum of P5,000.00 for the month of December, 1989,...
>
> b) Again O.R. No. 2716, (Exh. 15) in the name of Oro Cam Ent. Inc. for the declared sum of P5,000.00 as rental for October 1989, x...

And the dispositive portion of the decision of said RTC reads:

> ...SETTING ASIDE the part dealing with the rest of the defendants-appellees and a new one entered, ORDERING Defendants-appellees Constancio Manzano, FORTUNATO MELODIA, SR. and ERNESTO MARCOSO, their heirs, assigns and representatives:
>
> - To vacate and surrender to plaintiff-appellant the permission question that they respectively occupied;
>
> - To pay the corresponding reasonable rent of said premises from July 1, 1990, until they have fully vacated the same, at the following rates:

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a) Constancio Manzano at P12,500.00 per month;

b) Melodia at P5,000.00 per month;

c) Ernesto Marcoso at P5,000.00 per month, and

- To pay jointly and solidarily to plaintiff-appellant the sum of P30,00.00 as attorney's fees and P10,000.00 as litigation expenses; and the costs of the suit.

SO ORDERED.

Cagayan de Oro City, December 27, 1993.

5. Upon the above decision having become final and executory, herein petitioner ACI filed a motion for issuance of writ of execution specifically against defendants Constancio Manzano, Jr. and Oro Cam Enterprises, represented by administrator/general manager Vicente Manzano, their heirs, assigns and representatives.

6. In its "Opposition to Motion for Execution, Etc.", private respondent Oro Cam posited that if the motion for execution is granted, it would be deprived of the possession of the premises in question without due process as it has never been impleaded nor included as party-defendant in ejectment case (Civil Case No. 13040). Oro Cam further contended that:

4. The Oro Cam Enterprises Inc., being an indispensable party considering the fact that said corporation as a separate entity, is the actual possessor and occupant of the three doors portion of the subject building should have been impleaded as party defendant and of which the plaintiff have failed to do, therefore, the Honorable Court has no jurisdiction over said Corporation (Sene versus Mangubal, 156 SCRA 113 and National Development Co. versus Court of Appeals, 211 SCRA 422).

5. The Oro Cam Enterprises Inc. has been paying religiously its rental of the three doors portion of the subject building to Constancio Manzano and later to the estate of Constancio Manzano by virtue of a verbal agreement thereof.

7. The letter dated May 30, 1991 addressed to the Clerk of Court of the RTC for consignation of monthly rental of Oro Cam in the light of the refusal of collector of the lessor to accept the same was sent by Atty. Cesilo A. Adaza as counsel for Oro Cam. Atty. Adaza himself filed the Answer of defendant Constancio A. Manzano in the ejectment case (Civil Case No. 13040).

8. In its motion for reconsideration filed in Civil Case No. 92-456, Oro Cam referred to itself as defendant-appellee. While it prayed to set aside the decision of the RTC ordering defendant Manzano, his heirs, assigns and representatives to vacate the leased premises, it did not deny being a privy to said defendant Manzano.

It is noteworthy that the existence of the lease agreement was never denied in the answer filed on behalf of Constancio Manzano and petitioner. What the answer questioned was amount of monthly rentals. Throughout the proceedings in the MTCC, RTC, and in this Court in G.R. No. 116933, petitioner never questioned the jurisdiction of the court over it. Only when the order of ejectment was sought to be executed did petitioner raise this argument. As noted by the Court of Appeals:

Contrary to the findings of respondent court, the MTCC had jurisdiction over Oro Cam against which the writ of execution was correctly issued. The claim of Oro that it is a corporation with a personality separate and distinct from Manzano is irrelevant. The judicial admission of Oro Cam that it paid the monthly rentals to Constancio Manzano, the undisputed lessee of herein petitioner, indubitably shows, without need of any further presentation of evidence, that it is privy with defendant Manzano insofar as the leasing of the premises in question is

concerned.[4]

Petitioner is thus estopped from asserting that the MTCC had not acquired jurisdiction over it. It did not question the failure of private respondent to implead it as a party defendant. On the contrary, evidence clearly showed that petitioner had knowledge of the existence and the pendency of the unlawful detainer suit filed against Constancio Manzano. It would be unjust to private respondent to allow petitioner to put in issue at this late stage the jurisdiction of the court over it. In Korean Airlines Co., Ltd. v. Court of Appeals,[5] we held:

While it is a rule that jurisdictional question may be raised at any time, this however, admits of an exception where, as in this case, estoppel has supervened. This Court has time and again frowned upon the undesirable practice of a party submitting his case for a decision and then accepting the judgment, only if favorable, and attacking it for lack of jurisdiction when adverse.

Moreover, petitioner admits that it has been the actual occupant of the leased premises since 1980 and it has authorized Constancio Manzano to pay the rents for and in its behalf. In fact, it claims to have been paying the rent religiously, effectively implying that it is a co-lessee or sub-lessee of the property. Thus, it is still bound by the ejectment suit even if it was not named a party thereto.[6] It is well-settled that a judgment in an ejectment suit is binding not only upon the defendants in the suit but also against those not made parties thereto, if they are:

a) trespassers, squatters or agents of the defendant fraudulently occupying the property to frustrate the judgment;

b) guests or other occupants of the premises with the permission of the defendant;

c) transferees pendente lite;

d) sublessee;

e) co-lessee; or

f) members of the family, relatives and other privies of the defendant.[7]

Consequently, the appellate court did not act with grave abuse of discretion in annulling the trial court's order granting the writ of preliminary injunction.

The order granting a writ of preliminary injunction is an interlocutory order; as such, it cannot by itself be subject of an appeal or a petition for review on certiorari.[8] The proper remedy of a party aggrieved by such an order is to bring an ordinary appeal from an adverse judgment in the main case, citing therein the grounds for assailing the interlocutory order. However, the party concerned may file a petition for certiorari where the assailed order is patently erroneous and appeal would not afford adequate and expeditious relief.[9] In the instant case, the trial court issued as writ of preliminary injunction enjoining the execution of the judgment in Civil Case No. 13040, in spite of the fact that the right of petitioner to occupy the leased premises has been declared by final judgment to be inexistent. Having no clear legal right, petitioner's plea should not have merited the favorable action of the trial court. The order granting the writ of preliminary injunction was thus clearly erroneous and must be set aside. As the appellate court succinctly explained:

We are mindful of the ruling of the Supreme Court that where the court has jurisdiction over the subject matter, the orders or decisions pertaining to the cause are orders or decisions within its jurisdiction and however erroneous they may be, they cannot be corrected by certiorari. However, while certiorari is generally not available to challenge an interlocutory order of a trial court, the Supreme Court allows certiorari as a mode of redress where the assailed order is patently erroneous and appeal would not afford adequate and expeditious relief. Petitioner would be made to suffer unnecessary waste of time before it could proceed with the ejectment of its lessees and

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all persons, including private respondent Oro Cam claiming under them if we opt to dismiss the petition and ignore the patently erroneous granting of the writ of preliminary injunction and unduly impose upon petitioner the burden of going through the proceedings with respondent court which had evidently taken a patently erroneous view against herein petitioner's valid stand.[10]

WHEREFORE, the petition is DISMISSED and the decision of the Court of Appeals is AFFIRMED.

SO ORDERED.

Bellosillo, (Chairman), Quisumbing, Buena, and De Leon, Jr., JJ., concur.

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[1] Per Justice Ma. Alicia Austria-Martinez and concurred in by Justices Gloria C. Paras and Bernardo Ll. Salas.

[2] CA Decision, pp. 5-6; Rollo, pp. 25-26.

[3] CA Decision, p 1; Rollo, p. 21.

[4] CA Decision, pp. 7-8, Rollo, pp. 27-28.

[5] 247 SCRA 599, 603 (1995).

[6] Bataclan v. Court of Appeals, 175 SCRA 764 (1989).

[7] 1 Florenz D. Regalado, Remedial Law Compendium 793 (1997).

[8] Saulog v. Court of Appeals, 330 Phil. 590 (1996); Arabesque Industrial Philippines, Inc. v. Court of Appeals, 216 SCRA 602 (1992).

[9] Salcedo-Ortañez v. Court of Appeals, 235 SCRA 111 (1994).

[10] CA Decision, p. 9; Rollo, p. 29.

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