

BENIGNO M. PUNO, JOSE CABACABA, NORA GONZALES, RICARDO CORTEZ, ELIZARDO PUNO, LARSEN TABBAR AND ANTONIO MIRABUENO, PETITIONERS, VS. THE COURT OF APPEALS, FORMER SPECIAL TWELFTH ...

G.R. No. 132502 & 132503. September 19, 2007

Ponente: CARPIO MORALES, J.

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CARPIO MORALES, J.:

Gathered from the 94-folder records of the case are the following antecedent facts which are relevant to the determination of the merits of four questioned orders of a liquidation court, which orders were assailed via two separate petitions for certiorari, prohibition and mandamus before, but which were dismissed by, the Court of Appeals.

Sometime in December 1983, respondent Emiliana Doblón (Emiliana) and respondent Philippine Veterans Bank (PVB) entered into a contract of lease over 13 parcels of land located in Malinta, Valenzuela, Metro Manila.

On March 29, 1984, Emiliana, through counsel Atty. Benigno Puno (Puno), one of herein petitioners, filed before the Regional Trial Court (RTC) of Manila a complaint against PVB for reformation of instrument and damages, docketed as Civil Case No. 84-23585. Branch 13 of the Manila RTC, by Decision of September 20, 1984, rendered summary judgment in the case in favor of Emiliana and against PVB, the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered in favor of the plaintiff and against the defendant:

- a.) Ordering the reformation of Exhibit "D" by deleting or changing its paragraph 3, page 6 thereof, so as to read as follows: x x x
- b.) [C]ondemning the defendant to pay the plaintiff the amount of P221,000.00, with legal interest, representing actual damages suffered by the plaintiff on account of the forfeiture of the same amount by Majait Construction which plaintiff paid to the latter as evidenced by Exhibit "N", "N-1", "N-2", & "N-3";
- c.) [D]irecting the defendant to pay the plaintiff the amount of P2,500.00 a day equivalent to twenty-five (25%) per cent of P10,000.00 representing loss of income or profit to the plaintiff starting April 1, 1984, up to the time the latter shall have been physically placed or restored to the peaceful and adequate enjoyment and possession of the unfinished marked building complex included in the lease;
- d.) [E]njoining the defendant from selling, transferring, or conveying (except in favor of plaintiff or her assign) the leased premises to Jaime T. Toledaña or to any third person during the existence or duration of the lease;
- e.) [A]nd, ordering the defendant to pay the costs of this suit.

SO ORDERED.[1] (Underscoring supplied)

The decision having become final and executory, Branch 13 of the Manila RTC issued a writ of execution, on

motion of Emiliana. The court later issued an alias writ of execution which was implemented by levying certain properties of PVB.

The Monetary Board of the Central Bank later placed in April 1985 PVB under receivership, and on June 7, 1985, it ordered its liquidation.

On July 8 and 9, 1985, the levied real properties of PVB were sold at public auction, drawing PVB to file with the then Intermediate Appellate Court (IAC) a petition for prohibition, mandamus, and certiorari (IAC-G.R. SP No. 06558) to nullify and set aside those sales and enjoin the trial court from further taking cognizance of Civil Case No. 84-23585.[2]

In the meantime or on August 26, 1985, the Central Bank filed with the Manila RTC a petition[3] for assistance in the liquidation of PVB, docketed as Special Proc. No. 85-32311. Branch 39 of said court (the liquidation court) approved and granted the petition, and ordered all claimants to file their claims with the liquidator.[4]

The deputy sheriff of the Manila RTC, Branch 13 later conducted on November 4, 1985 another sale of PVB's real properties earlier levied upon at which Emiliana was the highest bidder.[5] Among the properties sold to Emiliana were those subject of the contract of lease between her and PVB, including the Greenleaf Market (the Market) and the lot on which it stands located on Tangke St., Malinta, Valenzuela.[6]

Acting on PVB's petition in IAC-G.R. SP No. 06558, the IAC, by Order of November 6, 1985, dismissed the same. PVB's motion for reconsideration having been denied, it filed a petition for review[7] with this Court, docketed as G.R. No. L-73162.

It appears that a "Joint Manifestation"[8] dated September 22, 1986 by Emiliana and Puno, who had already been replaced as Emiliana's counsel, was filed before the liquidation court reading:

NOW COME, the above-named claimant and Benigno M. Puno, to this Honorable Court, respectfully manifest:

1) that they are the joint owners or claimants in the deficiency judgment of movant Emiliana C. Doblon in Civil Case No. [84-23585], RTC of Manila, Branch 42[9], now the subject of [Emiliana's] claim in the above-entitled Special Proceedings No. 85-32311;

2) that herein movants are joint owners share and share alike (50-50) over whatever amount Emiliana C. Doblon may be able to collect or recover in the above-entitled case.[10] (Underscoring supplied)

Puno later advised the PVB liquidator, by letter dated May 16, 1987, as follows:

Please be informed that, by virtue of the partnership agreement between the undersigned and Mrs. Emiliana C. Doblon dated March 7, 1987 x x x, one-half (1/2) of the properties the latter purchased at a public auction in Civil Case No. 23585, Regional Trial Court of Manila, Branch 42, now belong[s] to the undersigned although the Greenleaf Market, in particular, has been awarded/conveyed to the undersigned in a partition mutually agreed upon by the parties x x x.

It is respectfully requested that the undersigned be informed or notified of any pleading/letter or transaction involving the said properties x x x or those purchased at public auction under Civil Case No. [84-]23585; it [is] further requested, by virtue of the agreement or joint manifestation of undersigned and Emiliana C. Doblon in Civil Case No. 32311 Regional Trial court, Branch 39, Manila, x x x in which the undersigned is entitled to one[-half] (1/2) of whatever amount Emiliana C. Doblon's claim for deficiency judgment shall belong to the undersigned, the latter be likewise notified or informed of any dealings or transactions in connection therewith.

x x x x[11] (Emphasis and underscoring supplied)

In a Counter Manifestation[12] filed before the liquidation court on June 29, 1987, Emiliana denied being co-owner with Puno of the PVB properties which she purchased at public auction:

1. That a Joint Manifestation was prepared and filed by my former lawyer, Atty. Benigno M. Puno before this Court x x x
2. That the said Joint Manifestation does not reflect the truth and that said Atty. Puno and I are not, and were never "joint owners or claimants" in Civil Case No. [84]-23585 before Branch 42 of the Regional Trial Court of Manila in the deficiency judgment, now subject of my claim in the above-entitled case.
3. That contrary to what appears in said Joint Manifestation, Atty. Puno and I were not, and were never joint owners "share and share alike (50-50)" over whatever amount I may be able to collect or recover in the instant case.
4. That the truth of the matter is that I am the EXCLUSIVE CLAIMANT and whatever collections of recoveries I may make EXCLUSIVELY and SOLELY belongs to me and Atty. Puno's claim as a joint owner or claimant has no basis whatsoever in fact or in law.
5. That Atty. Puno merely used to be my legal adviser while an RTC judge and became my counsel later, but he took advantage of his profession - his knowledge of the law and his experience as a lawyer and clearly misled and even compelled me into signing said Joint Manifestation, the contents of which I do hereby disown and repudiate.
6. That Atty. Puno actually signed the said Joint Manifestation while still an RTC judge and could not have possibly bec[o]me my co-owner as falsely claimed by him.

x x x x[13] (Capitalization in the original; underscoring supplied)

And Emiliana filed on June 30, 1987 a complaint before the Makati RTC, docketed as Civil Case No. 17154, to annul the written agreements showing her purported partnership with Puno,[14] drawing Puno to file before the liquidation court a July 2, 1987 "Motion to Take Cognizance of Oppositor's Claim over Emiliana C. Doblon's Claim,"[15] reiterating his claims in his above-quoted May 16, 1987 letter to the liquidator and mentioning Emiliana's repudiation of the partnership.

In the meantime or on September 22, 1989, the liquidation court approved a compromise between Emiliana and PVB providing, among other things, that

x x x [the]s judgment creditor Emiliana C. Doblon will be paid the sum of P2.4 million in exchange of the properties subject matter of the auction sale and that she will sign the necessary pleadings to be filed with the Supreme Court in G.R. No. L-73162 and in RTC-Manila, Br. XVII [sic] that rendered judgment in her favor.[16] (Underscoring supplied)

By Decision of October 23, 1989, this Court, in G.R. No. L-73162 (PVB's petition assailing the IAC's dismissal of its petition questioning the sales at public auction of its properties), upon Emiliana's confession of judgment, nullified the auction sales of PVB's properties held on July 8 and 9, 1985 on the ground that the placing of PVB under receivership rendered the RTC Manila, Branch 13 judgment in Civil Case No. 84-23585 unenforceable. This Court thus ordered Emiliana to file her judgment claim in the liquidation proceedings.[17] Puno, who, as earlier stated, had been replaced as Emiliana's counsel, filed a Motion for Reconsideration, without Emiliana's conformity,[18] of this Court's said Decision of October 23, 1989. His motion was denied by this Court.[19]

Subsequently, Emiliana and PVB filed before Branch 42 of the Manila RTC, to which Civil Case No. 84-23585 (Emiliana's complaint against PVB for reformation of instrument) had been reraffled from Branch 13, a pleading entitled "Satisfaction of Judgment." [20] Accordingly, on October 31, 1989, said court issued an order declaring

Civil Case No. 84-23585 closed.[21] On even date, Puno, in his capacity as claimant, filed before the liquidation court an "Omnibus Motion(s) for Reconsideration and Clarification and Payment of Movant's Monetary and Property Claims/Shares." This motion was followed by a "Motion to Order the Committee on Claims to Submit its Report." [22]

On February 26, 1990, Puno filed before the liquidation court his "Evidence in Support of Claim" of the existence of a partnership with Emiliana, positing that on account of the partnership, he and Emiliana had acquired PVB's properties as a result of the judgment in Civil Case No. 84-23585.[23]

Still later or on February 12, 1990, Puno filed before the liquidation court a motion for the issuance of a restraining order and/or for a writ of injunction enjoining PVB from "intruding, interfering in the management, collection in and possession of the Greenleaf Market." [24] He alleged that both he and Emiliana have been in possession of and managing the Market since 1984; that since March 1987 up to the time of the filing of the motion, he had been in exclusive possession and management thereof; [25] and that PVB liquidator Atty. Renan Santos, Corazon Cortez (Corazon), (the President of the Market Association), Santos' agents and several armed men, relying "incorrectly" on this Court's ruling in G.R. No. L-73162, "INTRUDED INTO and are now GRABBING the collections (daily) in the said Market against the will and consent of [Puno] and his employees in said market." (Capitalization in the original) [26] Puno further alleged

That, without any warning or notice at all to claimant in actual possession and management of the said market (and claim of ownership), just out of the blue, the Liquidator thru his agents accompanied by armed men, entered into the market, nailed posters inside and announced their taking over the said market and started collecting the daily rentals from the vendors to the great consternation of claimant's collector and to the surprise of herein claimant who cannot believe that the liquidator would take the law into his own hands despite the pendency of several motions x x x for the delivery of the titles of said market to claimant and the segregation of the same from the mass of property of the PVB under liquidation as well as the claimant's right from the monetary deficiency judgment; [27] (Underscoring supplied)

The liquidation court issued a restraining order on February 12, 1990 enjoining "Atty. Renan V. Santos, his agents Corazon Cortez, Rosario Cortez and all persons acting under them x x x from intruding/interfering in the management/collection of rentals and possession of Greenleaf Market until further orders from [the] court." [28] In the course of the hearing on Puno's motion for the issuance of a writ of injunction, the liquidation court, by Order of February 21, 1990 (Questioned Order 1), [29] ordered that payment of rentals in the Market be made to the court until all pending incidents in the case had been resolved. The court also appointed Atty. Puno's herein co-petitioner Mercedes Gonzales (Mercedes), who claimed that she became a co-owner of the Market to the extent of one-seventh ([1]/7) on June 29, 1987), [30] to be assisted by Corazon, to "collect the daily rentals from the stallholders in the market and to deposit the same in court together with the lists of the corresponding payors." [31]

Mercedes did not remit the collected rentals to the liquidation court, however, prompting PVB to file a motion to cite her and Puno for contempt of court. [32]

The liquidation court later issued an order of April 5, 1990 (Questioned Order 2) authorizing Corazon to collect from the stallholders their daily rentals in arrears, to pay the outstanding electric (Meralco) bills of the Market, and to deposit to the court the remaining amount of collected rentals within three days after payment of the electric bills. [33]

The liquidation court still later issued an order of May 10, 1990 (Questioned Order 3) [34] resolving all pending incidents, the dispositive portion of which reads:

WHEREFORE, the Omnibus Motion for Reconsideration and Clarification and Payment of Movant's Monetary and Property Claims/Shares and the Amended Omnibus Motion both filed by Atty. Benigno Puno on November 2, 1989 and December 19, 1989 respectively, are hereby denied for lack of merit, as this Court finds the motion to disqualify him as claimant to be well-taken.

The motion for the issuance of a writ of injunction filed by Atty. Benigno Puno is likewise denied for lack of merit. Accordingly, the restraining order issued by this Court on February 12, 1990 is hereby vacated.

x x x x

The motion to cite for contempt Atty. Benigno Puno and Mercedes Gonzales for violating the order of this Court issued on February 21, 1990, being sufficiently well taken, is hereby granted. Accordingly, Atty. Puno and Mrs. Gonzales are hereby found in contempt of court and fined ONE HUNDRED (P100.00) PESOS each, with subsidiary imprisonment in case of insolvency or refusal to pay, hereby ordering to account within three (3) days from the receipt hereof for all the collections from the stallholders of the Greenleaf Market they have made from February 21, 1990 until the last day of their collections.

SO ORDERED.[35] (Emphasis and underscoring supplied)

Puno's Motion for Reconsideration of Questioned Order 3 was denied by order of July 26, 1990 (Questioned Order 4).[36] The same order also denied Puno's "Very Urgent Motion to Resolve and/or to Withdraw Salaries/Expenses" praying that the salaries for employees of the Market since February 1990 be withdrawn from the amount of money already deposited with the Clerk of Court.[37] In denying Puno's Motion for Reconsideration, the liquidation court held that he did not have any right to the properties in question including the Market; hence, "he could not have validly appointed employees involved in its management." [38]

On May 21, 1990, Mercedes filed a Petition for Certiorari, Prohibition, and Mandamus (with Prayer for Restraining Order and Writ of Injunction)[39] before the Court of Appeals, docketed as CA G.R. No. 20786, praying that Questioned Orders 1-3 be annulled and their enforcement enjoined. Puno and some employees of the Market-his herein co-petitioners Jose Cabacaba, Nora Gonzales, Ricardo Cortez, Elizardo Puno, Larsen Tabbar, and Antonio Mirabueno also filed a Petition for Certiorari, Prohibition, and Mandamus (with Prayer for Restraining Order and Writ of Injunction) before the Court of Appeals, docketed as CA G.R. No. 22683, assailing Questioned Order No. 4.[40] The Court of Appeals, which consolidated the petitions,[41] dismissed them by the now assailed Decision[42] of January 17, 1992 in this wise:

At the core of the present controversy is the issue of possession and ownership of the Greenleaf Market.

x x x x

We agree with the respondent court that the High Court's ruling in PVB vs. IAC [in G.R. No. L-73162, Nov. 13, 1989] x x x rendered null and void the auction sale of the Green Leaf Market to private respondent [Emiliana] Doblon, thus effectively depriving petitioners Puno and [Mercedes] Gonzales of any right whatsoever over the subject property which they may have subsequently derived from Doblon's defective title.

x x x x

Petitioners Puno and Gonzales offer the argument that the compromise agreement entered into by and between Doblon and the PVB liquidator and subsequently submitted by the parties thereto to the respondent court for approval x x x cleansed whatever defects existed in the auction sale of PVB properties x x x as the said compromise agreement had the legal effect of "ratifying" the questioned sales and "superseding or replacing" the decision of the High Court in PVB v. IAC.

Such a contention is utterly devoid of merit. First, the questioned execution sales had already been pronounced

by the Supreme Court x x x as null and void for being contrary to the provisions of existing laws and it is elementary in this jurisdiction that void and inexistent contracts can never be subject of any compromise nor are they susceptible of ratification. x x x Second, the subject matter of the compromise agreement between Doblón and the PVB liquidator never involved the question of ownership of the illegally auctioned properties x x x. Rather, what was referred to in the said compromise involved Doblón's right as a judgment creditor under Civil Case No. 84-23585 and not her rights as a bidder in the auction sales nullified by the Supreme Court.

From the foregoing premises, We are convinced that the respondent court committed no error in refusing to accord petitioner Puno the status of a claimant in the liquidation proceeding. x x x

Petitioners Puno and Gonzales likewise contend that the respondent judge exceeded his authority when the adjudged petitioners guilty of contempt for exercising their legal rights of ownership and possession over the subject property and for discharging their lawful obligations incidental to the management of the market in dispute. Such a contention is belied by the evidence on record which clearly shows that they were cited for contempt for openly defying an express order of the court. x x x[43] (Underscoring in original; emphasis supplied)

The Motions for Reconsideration[44] of Puno et al. and Mercedes having been denied by Resolution[45] of December 18, 1997 by the appellate court, they filed the present Petition for Certiorari, Prohibition, and Mandamus[46] under Rule 65 of the Revised Rules of Court.

On a procedural ground, the petitions should be dismissed outright. Appeal by certiorari under Rule 45 is the proper remedy of petitioners. Certiorari, under Rule 65, Section 1 of the Rules of Court, may be availed of only when "there is no appeal, or any plain, speedy, and adequate remedy in the ordinary course of law." As this Court emphasized in *Del Pozo v. Penaco*,[47]

It may well happen, and not infrequently, that both remedies - the ordinary remedy of appeal, and the extraordinary one of certiorari (as a special civil action, not a mode of appeal) - are available to a party aggrieved by a judgment or final order of a Regional Trial Court (or of any inferior court, for that matter); that is to say, the final judgment or order appears to have been rendered without or in excess of jurisdiction, or with grave abuse of discretion. In such a situation, the availability of appeal proscribes recourse to the special civil action of certiorari.

The nature of the questions intended to be raised on appeal is of no consequence. It may well be that those questions will treat exclusively of whether or not the judgment or final order was rendered without or in excess of jurisdiction, or with grave abuse of discretion (which questions are the peculiar targets of the extraordinary writ of certiorari). This is immaterial. The remedy, to repeat, is appeal, not certiorari as a special civil action.[48] (Italics in original)

Procedural faux pas aside, the petitions fail.

Petitioners specifically challenge the appellate court's decision which affirmed the Orders of the liquidation court.

They argue that:

when [the liquidation court] issued the Order of February 21, 1990, one of the questioned order[s], allowing the private respondent, particularly, Corazon Cortez, to take part in the collection and directing the deposit of the daily rentals, this action of the respondent R.T.C. is clearly whimsical and arbitrary because it unduly disturbed the status quo enjoyed by the petitioners since 1984. x x x [49] (Underscoring supplied)

The "status quo" petitioners refer to is their alleged continued possession and management of the Market since 1984. Petitioners add that,

x x x the Philippine Veterans Bank or the Central Bank or their employees HAD NEVER BEEN in the actual

possession and management of the said Market - not ever. In fact, except for the daily collections which private respondents grabbed, the herein petitioners were the ones in physical possession and management of the said market and continued to perform said acts, even after the said respondents grabbed the possession of the market in February 10, 1992.[50] (Capitalization in the original)

Citing the Civil Code provisions on possession,[51] petitioners fault the liquidation court for disturbing them in their possession.[52]

Petitioners' position does not lie. The February 21, 1990 Order-Questioned Order 1 reads:

In the meanwhile, and until such time that the right of Benigno Puno shall have been resolved by this court, the court hereby orders that the daily rentals of the stalls in the market in question should be deposited with this court through the Branch Clerk of Court who is hereby authorized to receive the deposits, directing her to immediately deposit the same to the Office of the City Treasurer of Manila who shall hold the same until further orders of the court.[53] (Underscoring supplied)

The order did not prohibit Puno et al. from exercising possession and management over the Market. Mercedes was in fact explicitly appointed, together with Corazon, to collect the daily rentals.[54] Parenthetically, the right to collect rentals is an attribute of ownership,[55] and not of possession. Petitioners cannot thus claim that Questioned Order 1 violated the Civil Code provisions on possession they cited.

The only constraint imposed on Mercedes, as well as on Corazon, was the obligation to deposit the collected rentals with the Branch Clerk of Court until such time that the right of Puno had been resolved by the court. This was to preserve the rights of the parties pending the determination of Puno's right to the Market.[56] The order could not thus be considered arbitrary, whimsical, or despotic as to constitute grave abuse of discretion.

As for Questioned Order 2 which authorized Corazon "to collect from the stallholders their daily rentals in arrears and to pay the outstanding bills to the Meralco, Valenzuela Branch and deposit the excess within three days after the payment of the electric bills to the court,"[57] its issuance cannot, as PVB posits, be considered tainted with grave abuse of discretion as it was issued "for the benefit of both parties, including the claimant Benigno M. Puno, who represented himself before the court as the alleged co-owner and partner of respondent Emiliana C. Doblón x x x." [58]

Neither may the liquidation court's disqualification of Puno as a claimant be deemed to have been issued without or in excess of its jurisdiction, or with grave abuse of discretion.

As for Puno's claims against PVB, viz: 1) his share in the deficiency judgment against PVB in favor of Emiliana, and 2) his exclusive right to the possession, management, collection, in and ownership over the Market,[59] the appellate court correctly found that he has no right as a judgment co-creditor of PVB in Civil Case No. 84-23585.

The judgment under Civil Case No. 84-23585 was solely in favor of [Emiliana] Doblón and the execution sale of the Greenleaf Market sought to partly execute the said judgment was likewise made solely between Doblón and the PVB. x x x Petitioner [Puno] never had a participation in any of the foregoing and therefore possesses no rights over the subject property enforceable by him against PVB before the liquidation proceedings. x x x [T]he same is true with petitioner [Mercedes], who, incidentally, is raising her claim over the subject market only for the first time in her petition. If at all, their recourse is with [Emiliana] and not with PVB.[60] (Emphasis supplied).

Puno's claim of the existence of a partnership with Emiliana, even if proven true, does not entitle him to share in the judgment awarded in Civil Case No. 84-23585. For, as Puno himself stated in his earlier quoted May 16, 1987 letter to liquidator Santos, his partnership agreement with Emiliana was forged on March 7, 1987, long after the trial court in Civil Case No. 84-23585 rendered judgment on September 20, 1984 in favor of Emiliana and against

PVB.

At all events, assuming that a partnership existed between Puno and Emiliana, Emiliana could not have acquired the Market, either for herself or on behalf of the partnership, as the public auction sale in which she acquired the Market had been voided. It being void, it could not have been - contrary to what petitioners allege[61] - ratified or cured by the compromise agreement between Emiliana and PVB.[62]

Petitioners' argument that what this Court resolved in G.R. No. L-73162 is the validity of the public auction sales of July 8 and 9, 1985, and not the possession and management of the Market,[63] does not lie. The ruling in G.R. No. L-73162 is that "the sale at public auction of the properties of [PVB] conducted by the sheriff on July 8 and 9, 1985, while it is in the process of liquidation, is not under the law"[64] and are, therefore, null and void[65] applies to the sale of PVB's properties including the Market. It bears noting that the Market was sold to Emiliana at public auction after June 7, 1985, the date PVB was placed under liquidation.[66]

Petitioners' argument that the rulings in Civil Cases No. 2881-V-88, "Emiliana C. Doblon v. Benigno Puno, et al.," No. 2886-V-88, "Greenleaf Market Vendor [sic], Malinta, Valenzuela, rep. by Attorneys-in-fact Corazon A. Cortez, et al." and No. 2887-V-88, "Leopoldo Torres v. Emiliana Doblon, et al." of the Valenzuela RTC; and that in Civil Case No. 17154, "Emiliana C. Doblon v. Benigno Puno" of the Makati RTC constitute res judicata as to the issue of his and Emiliana's possession, management, and ownership of the Market,[67] together with Mercedes, does not persuade too.

Res judicata lays the rule that an existing final judgment or decree rendered on the merits, and without fraud or collusion by a court of competent jurisdiction, upon any matter within its jurisdiction, is conclusive of the rights of the parties or their privies in all other actions or suits in the same or any other judicial tribunal of concurrent jurisdiction on the points and matters in issue in the first suit.[68] Four elements must be present for res judicata to apply: 1) the judgment sought to bar the new action must be final; 2) the decision must have been rendered by a court having jurisdiction over the subject matter and the parties; 3) the disposition of the case must be a judgment on the merits; and 4) there must be, as between the first and second actions, identity of parties, subject matter, and causes of action.[69]

There is no identity of parties between Civil Case Nos. 2881-V-88, 2886-V-88, and 2887-V-88 lodged in the Valenzuela RTC and Civil Case No. 17154 lodged in the Makati RTC on the one hand, and Sp. Proc. 85-32311 (liquidation case) on the other. PVB was not a party to Civil Case Nos. 2881-V-88, 2886-V-88, and 2887-V-88 and Civil Case No. 17154.[70] In fact, its motion to intervene in Civil Case No. 2886-V-88 was denied.[71] Civil Case Nos. 2881-V-88, 2886-V-88, and 2887-V-88 and Civil Case No. 17154 may have settled the rights of Puno and Mercedes to the possession, management, and ownership of the Market as against Emiliana,[72] but not as against PVB.

Neither is there identity of causes of action among the cases. In Sp. Proc. 85-32311, the cause of action is based on the claim of Emiliana and that of Puno as judgment creditors of PVB in Civil Case No. 84-23585. Civil Case No. 2881-V-88 was based on alleged violations by Puno and Mercedes of Emiliana's supposed rights as owner and possessor of the Market.[73] Civil Case No. 2887-V-88 was filed by a certain Leopoldo Torres to assert, against Emiliana, his rights and interests in the Market which he allegedly acquired from her.[74] Civil Case No. 2886-V-88 was an interpleader case filed by the Market Vendors represented by their attorneys-in-fact.[75] Civil Case No. 17154 was filed by Emiliana against Puno for annulment of contracts/agreements, accounting, and damages based on Puno's alleged fraud.[76]

This Court having found that petitioners Puno and Mercedes have no rights either as judgment creditors of PVB or as owners of the Market, this Court holds that the appellate court did not act without or in excess of jurisdiction

or with grave abuse of discretion in affirming the liquidation court's denial of Puno's motion for the issuance of a writ of injunction. For to be entitled to an injunctive writ, a party must show that there exists a right to be protected and that the facts against which injunction is directed are violative of said right.[77]

Nor, on the same ground, did the appellate court act without or in excess of jurisdiction or with grave abuse of discretion when it affirmed the liquidation court's denial of Puno's motion to withdraw the salaries of the Market employees.

Finally, neither did the appellate court commit grave abuse of discretion in finding Puno and Mercedes to have violated Questioned Order 1.[78] Petitioners' claim that the acts for which they were found guilty of contempt were in lawful exercise of their "rights" of possession, management, and ownership over the Market[79] is immaterial. The essence of contempt is the defiance of the authority, justice, or dignity of the court; the disobedience to the court by setting up an opposition to its authority, justice and dignity; or conduct which impedes the due administration of justice.[80] Good faith alone is not enough to exonerate one from contempt.[81]

Neither is it material that Mercedes was not a party to Sp. Proc. 85-32311. Rule 71 of the Rules of Court governing contempt proceedings does not require that the alleged contemnor be a party to the case.[82]

WHEREFORE, the petitions are DISMISSED for lack of merit.

Costs against petitioners.

SO ORDERED.

Quisumbing, (Chairperson), Carpio, Tinga, and Velasco, Jr., JJ., concur.

[1] Records, Folder 15, pp. 56-57.

[2] Philippine Veterans Bank v. Intermediate Appellate Court, G.R. No. L-73162, October 23, 1989, 178 SCRA 645, 648.

[3] Records, Folder 1, pp. 1-8.

[4] Id. at 11, 14.

[5] Records, Folder 15, pp. 59-64.

[6] Id. at 61-64, 66; rollo, p. 21.

[7] Supra note 2 at 646.

[8] Records, Folder 3, p. 230.

[9] Civil Case No. 84-23585 had in the meantime been reraffled to Branch 42 of the Manila RTC.

[10] Records, Folder 3, p. 230.

[11] Records, Folder 15, p. 106.

[12] Records, Folder 3, pp. 154-155.

[13] Ibid.

[14] Id. at 261-266.

[15] Records, Folder 15, pp. 107-109.

[16] Rollo, p. 153.

[17] Philippine Veterans Bank v. Intermediate Appellate Court, *supra* note 2 at 650-651, 654.

[18] CA rollo, CA G.R. Sp. No. 20786, at 341-342. Vide records, Folder 3, p. 229.

[19] CA rollo, pp. 343-344.

[20] *Id.* at 299.

[21] *Id.* at 300.

[22] *Ibid*; rollo, p. 322.

[23] Records, Folder 15, pp. 1-8, 56-57, 66.

[24] Rollo, p. 160.

[25] The exact words in the pleading referred to are:

That among the assets of the Philippine Veterans Bank that were leased for twenty (20) years to claimant and his former business partner Emiliana C. Doblon is the Greenleaf Market which was later on purchased at public auction in October 30, 1985, in Civil Case No. 84-23585-RTC-Manila, Branch 42 and which property had been in the actual possession and management of the undersigned claimant and his former business partner Doblon since February 1984 and which remain under the exclusive possession and management of the undersigned claimant since March 1987 continuously up to the present time; (*id.* at 156).

[26] *Id.* at 158.

[27] *Id.* at 159.

[28] *Id.* at 165.

[29] *Id.* at 93-94.

[30] *Id.* at 22.

[31] *Id.* at 93-94.

[32] CA rollo, CA G.R. Sp. No. 20786, p. 136; rollo, p. 323.

[33] Rollo, p. 97.

[34] *Id.* at 98-104.

[35] *Id.* at 104.

[36] *Id.* at 105-107.

[37] *Ibid*; vide CA rollo, CA GR Sp. No. 20786, pp. 227-232.

[38] *Id.* at 107; *id.* at 237.

[39] *Id.* at 1-25.

[40] CA rollo, CA G.R. Sp. No. 22683, pp. 2-34.

[41] *Id.* at 118.

[42] Penned by Court of Appeals Associate Justice Cancio C. Garcia, now a member of this Court, with the concurrence of Court of Appeals Associate Justices Emeterio C. Cui and Filemon H. Mendoza. CA rollo, CA G.R. No. 20786, pp. 387-403.

[43] Id. at 400-402.

[44] Id. at 407-423.

[45] Rollo, p. 92.

[46] Id. at 10-74.

[47] G.R. No. L-48302, November 23, 1988, 167 SCRA 577.

[48] Id. at 588-589.

[49] Rollo, p. 37. The petitioners claim, in the instant petition, that it was Atty. Puno and Mercedes who have been and their employees are in actual and physical possession over the said market since 1984 continuously, peacefully and without interruption up to February 2, 1990, despite Atty. Puno's own claim, in his February 12, 1990 motion for issuance of temporary restraining order and/or a writ of injunction, that it was he and Emiliana who have been in actual management and possession in of the Greenleaf Market since 1984. In the instant petition, the petitioners allege that

[P]etitioners Puno and Gonzales and their employees [have been] in actual and physical possess[ion] over the said market since 1984 continuously, peacefully and without interruption up to February 2, 1990 when the respondent Philippine Veterans Bank, thru its liquidator and agents, grabbed and forcibly took the collections in the market against the will and consent of the herein petitioners, thereby causing the starvation and suffering of the herein-petitioners-employees and their families because they were not paid of their salaries despite the fact that they continue to render services in the said market. (Id. at 36).

[50] Id. at 33.

[51] Articles 523-527, 529, 531-532, 537, 539. Vide rollo, pp. 35-38.

[52] Rollo, pp. 35-38.

[53] Id. at 95-96.

[54] Id. at 96.

[55] Vide CIVIL CODE, Articles 441 ("To the owner belongs x x x (3) the civil fruits") and 442 ("x x x Civil fruits are the rents of buildings, the price of leases of lands and other property and the amount of perpetual or life annuities or other similar income").

[56] Vide rollo, pp. 95-96.

[57] Id. at 97.

[58] Id. at 208-209.

[59] Vide records, Folder 15, pp. 1-5.

[60] CA rollo, CA G.R. Sp. No. 20786, pp. 400-402.

[61] Rollo, pp. 60-64.

[62] Vide CIVIL CODE, Article 1409: " x x x [Void] contracts cannot be ratified. Neither can the right to set up

the defense of illegality be waived."

[63] Rollo, pp. 34, 333.

[64] Philippine Veterans Bank v. Intermediate Appellate Court, *supra* note 2 at 653.

[65] *Id.* at 654.

[66] Vide rollo, pp. 21, 315-317; records, Folder 1, p. 6.

[67] Rollo, pp. 33-34, 52-58.

[68] Republic v. Yu, G.R. No. 157557, March 10, 2006, 484 SCRA 416, 420.

[69] *Id.* at 421.

[70] Vide records, Folder 3, p. 261; rollo, p. 108.

[71] Rollo, pp. 135-136.

[72] Vide *id.* at 113-114, 134; records, Folder 15, pp. 73-75.

[73] Vide rollo, p. 109.

[74] *Id.* at 111.

[75] *Id.* at 132-133.

[76] Vide records, Folder 3, pp. 261-266.

[77] Philip Morris, Inc. v. Court of Appeals, G.R. No. 91332, July 16, 1993, 224 SCRA 576, 596.

[78] Vide rollo, pp. 105-106.

[79] Rollo, p. 30.

[80] Vide Kalilid Wood Industries Corp. v. Court of Appeals, G.R. No. 79723, May 31, 1991, 197 SCRA 735, 745.

[81] *Ibid.*

[82] Vide RULES OF COURT, Rule 71, Sections 1 and 3.

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