

HERMINIO TAYAG, PETITIONER, VS. AMANCIA LACSON, ROSENDO LACSON, ANTONIO LACSON, JUAN LACSON, TEODISIA LACSON-ESPINOSA AND THE COURT OF APPEALS, RESPONDENTS.

G.R. No. 134971. March 25, 2004

Ponente: CALLEJO, SR., J.

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CALLEJO, SR., J.:

Before us is a petition for review on certiorari of the Decision[1] and the Resolution[2] of respondent Court of Appeals in CA-G.R. SP No. 44883.

The Case for the Petitioner

Respondents Angelica Tiotuyco Vda. de Lacson,[3] and her children Amancia, Antonio, Juan, and Teodosia, all surnamed Lacson, were the registered owners of three parcels of land located in Mabalacat, Pampanga, covered by Transfer Certificates of Title (TCT) Nos. 35922-R, 35923-R, and 35925-R, registered in the Register of Deeds of San Fernando, Pampanga. The properties, which were tenanted agricultural lands,[4] were administered by Renato Espinosa for the owner.

On March 17, 1996, a group of original farmers/tillers, namely, Julio Tiamson, Renato Gozun, Rosita Hernandez, Bienvenido Tongol, Alfonso Flores, Norma Quiambao, Rosita Tolentino, Jose Sosa, Francisco Tolentino, Sr., Emiliano Laxamana, Ruben Torres, Meliton Allanigue, Dominga Laxamana, Felicencia de Leon, Emiliano Ramos, and another group, namely, Felino G. Tolentino, Rica Gozun, Perla Gozun, Benigno Tolentino, Rodolfo Quiambao, Roman Laxamana, Eddie San Luis, Ricardo Hernandez, Nicenciana Miranda, Jose Gozun, Alfredo Sosa, Jose Tiamson, Augusto Tolentino, Sixto Hernandez, Alex Quiambao, Isidro Tolentino, Ceferino de Leon, Alberto Hernandez, Orlando Flores, and Aurelio Flores,[5] individually executed in favor of the petitioner separate Deeds of Assignment[6] in which the assignees assigned to the petitioner their respective rights as tenants/tillers of the landholdings possessed and tilled by them for and in consideration of P50.00 per square meter. The said amount was made payable “when the legal impediments to the sale of the property to the petitioner no longer existed.” The petitioner was also granted the exclusive right to buy the property if and when the respondents, with the concurrence of the defendants-tenants, agreed to sell the property. In the interim, the petitioner gave varied sums of money to the tenants as partial payments, and the latter issued receipts for the said amounts.

On July 24, 1996, the petitioner called a meeting of the defendants-tenants to work out the implementation of the terms of their separate agreements.[7] However, on August 8, 1996, the defendants-tenants, through Joven Mariano, wrote the petitioner stating that they were not attending the meeting and instead gave notice of their collective decision to sell all their rights and interests, as tenants/lessees, over the landholding to the respondents.[8] Explaining their reasons for their collective decision, they wrote as follows:

Kami ay nagtiwala sa inyo, naging tapat at nanindigan sa lahat ng ating napagkasunduan, hindi tumanggap ng ibang buyer o ahente, pero sinira ninyo ang aming pagtitiwala sa pamamagitan ng demanda ninyo at

pagbibigay ng problema sa amin na hindi naman nagbenta ng lupa.

Kaya kami ay nagpulong at nagpasya na ibenta na lang ang aming karapatan o ang aming lupang sinasaka sa landowner o sa mga pamilyang Lacson, dahil ayaw naming magkaroon ng problema.

Kaya kung ang sasabihin ninyong ito'y katangahan, lalo sigurong magiging katangahan kung ibebenta pa namin sa inyo ang aming lupang sinasaka, kaya pasensya na lang Mister Tayag. Dahil sinira ninyo ang aming pagtitiwala at katapatan.[9]

On August 19, 1996, the petitioner filed a complaint with the Regional Trial Court of San Fernando, Pampanga, Branch 44, against the defendants-tenants, as well as the respondents, for the court to fix a period within which to pay the agreed purchase price of P50.00 per square meter to the defendants, as provided for in the Deeds of Assignment. The petitioner also prayed for a writ of preliminary injunction against the defendants and the respondents therein.[10] The case was docketed as Civil Case No. 10910.

In his complaint, the petitioner alleged, inter alia, the following:

- That defendants Julio Tiamson, Renato Gozun, Rosita Hernandez, Bienvenido Tongol, Alfonso Flores, Norma Quiambao, Rosita Tolentino, Jose Sosa, Francisco Tolentino, Sr., Emiliano Laxamana, Ruben Torres, Meliton Allanigue, Dominga Laxamana, Felicidad de Leon, Emiliano Ramos are original farmers or direct tillers of landholdings over parcels of lands covered by Transfer Certificate of Title Nos. 35922-R, 35923-R and 35925-R which are registered in the names of defendants LACSONS; while defendants Felino G. Tolentino, Rica Gozun, Perla Gozun, Benigno Tolentino, Rodolfo Quiambao, Roman Laxamana, Eddie San Luis, Alfredo Gozun, Jose Tiamson, Augusto Tolentino, Sixto Hernandez, Alex Quiambao, Isidro Tolentino, Ceferino de Leon, Alberto Hernandez, and Aurelio Flores are sub-tenants over the same parcel of land.

- That on March 17, 1996 the defendants TIAMSON, et al., entered into Deeds of Assignment with the plaintiff by which the defendants assigned all their rights and interests on their landholdings to the plaintiff and that on the same date (March 17, 1996), the defendants received from the plaintiff partial payments in the amounts corresponding to their names. Subsequent payments were also received:

1[st] PAYMENT

2[nd] PAYMENT

CHECK NO.

TOTAL

1. Julio Tiamson - - - - -

P 20,000

P 10,621.54

231281

P 30,621.54

2. Renato Gozun - - - - -

[son of Felix Gozun (deceased)]

P 10,000

96,000

106,000.00

3. Rosita Hernandez - - - -

P 5,000

14,374.24

231274

P 19,374.24

4. Bienvenido Tongol - - -

Son of Abundio Tongol (deceased)]

P 10,000

14,465.90

231285

24,465.90

5. Alfonso Flores - - - - -

P 30,000

26,648.40

231271

56,648.40

6. Norma Quiambao - - - -

P 10,000

41,501.10

231279

51,501.10

7. Rosita Tolentino - - - - -

P 10,000

22,126.08

231284

32,126.08

8. Jose Sosa - - - - -

P 10,000

14,861.31

231291

24,861.31

9. Francisco Tolentino, Sr.

P 10,000

24,237.62

231283

34,237.62

10. Emiliano Laxamana - -

P 10,000

11. Ruben Torres - - - - -

[Son of Mariano Torres (deceased)]

P 10,000

P 33,587.31

P 43,587.31

12. Meliton Allanigue

P 10,000

12,944.77

231269

P 22,944.77

13. Dominga Laxamana

P 5,000

22,269.02

231275

27,269.02

14. Felicencia de Leon

10,000

15. Emiliano Ramos

5,000

18,869.60

231280

23,869.60

16. Felino G. Tolentino

10,000

17. Rica Gozun

5,000

18. Perla Gozun

10,000

19. Benigno Tolentino

10,000

20. Rodolfo Quiambao

10,000

21. Roman Laxamana

10,000

22. Eddie San Luis

10,000

23. Ricardo Hernandez

10,000

24. Nicenciana Miranda

10,000

25. Jose Gozun

10,000

26. Alfredo Sosa

5,000

27. Jose Tiamson

10,000

28. Augusto Tolentino

5,000

29. Sixto Hernandez

10,000

30. Alex Quiambao

10,000

31. Isidro Tolentino

10,000

32. Ceferino de Leon -----

11,378.70

231270

33. Alberto Hernandez

10,000

34. Orlando Florez

10,000

35. Aurelio Flores

10,000

- That on July 24, 1996, the plaintiff wrote the defendants TIAMSON, et al., inviting them for a meeting regarding the negotiations/implementations of the terms of their Deeds of Assignment;
- That on August 8, 1996, the defendants TIAMSON, et al., through Joven Mariano, replied that they are no longer willing to pursue with the negotiations, and instead they gave notice to the plaintiff that they will sell all their rights and interests to the registered owners (defendants LACSONS).

A copy of the letter is hereto attached as Annex "A" etc.;

- That the defendants TIAMSON, et. al., have no right to deal with the defendants LACSON or with any third persons while their contracts with the plaintiff are subsisting; defendants LACSONS are inducing or have induced the defendants TIAMSON, et. al., to violate their contracts with the plaintiff;
- That by reason of the malicious acts of all the defendants, plaintiff suffered moral damages in the forms of mental anguish, mental torture and serious anxiety which in the sum of P500,000.00 for which defendants should be held liable jointly and severally.[11]

In support of his plea for injunctive relief, the petitioner, as plaintiff, also alleged the following in his complaint:

- That to maintain the status quo, the defendants TIAMSON, et al., should be restrained from rescinding their contracts with the plaintiff, and the defendants LACSONS should also be restrained from accepting any offer of sale or alienation with the defendants TIAMSON, et al., in whatever form, the latter's rights and interests in the properties mentioned in paragraph 4 hereof; further, the LACSONS should be restrained from encumbering/alienating the subject properties covered by TCT No. 35922-R, 35923-R and TCT No. 35925-R, Registry of Deeds of San Fernando, Pampanga;
- That the defendants TIAMSON, et al., threaten to rescind their contracts with the plaintiff and are also bent on selling/alienating their rights and interests over the subject properties to their co-defendants (LACSONS) or any other persons to the damage and prejudice of the plaintiff who already invested much money, efforts and time in the said transactions;
- That the plaintiff is entitled to the reliefs being demanded in the complaint;
- That to prevent irreparable damages and prejudice to the plaintiff, as the latter has no speedy and adequate remedy under the ordinary course of law, it is essential that a Writ of Preliminary Injunction be issued enjoining and restraining the defendants TIAMSON, et al., from rescinding their contracts with the plaintiff and from selling/alienating their properties to the LACSONS or other persons;
- That the plaintiff is willing and able to put up a reasonable bond to answer for the damages which the defendants would suffer should the injunction prayed for and granted be found without basis.[12]

The petitioner prayed, that after the proceedings, judgment be rendered as follows:

- Pending the hearing, a Writ of Preliminary Injunction be issued prohibiting, enjoining and restraining defendants Julio Tiamson, Renato Gozun, Rosita Hernandez, Bienvenido Tongol, Alfonso Flores, Norma Quiambao, Rosita Tolentino, Jose Sosa, Francisco Tolentino Sr., Emiliano Laxamana, Ruben Torres, Meliton Allanigue, Dominga Laxamana, Felicencia de Leon, Emiliano Ramos, Felino G. Tolentino, Rica Gozun, Perla Gozun, Benigno Tolentino, Rodolfo Quiambao, Roman Laxamana, Eddie San Luis, Ricardo Hernandez, Nicenciana Miranda, Jose Gozun, Alfredo Sosa, Jose Tiamson, Augusto Tolentino, Ceferino de Leon, Alberto Hernandez, Orlando Flores, and Aurelio Flores from rescinding their contracts with the plaintiff and from alienating their rights and interest over the aforementioned properties in favor of defendants LACSONS or any other third persons; and prohibiting the defendants LACSONS from encumbering/alienating TCT Nos. 35922-R, 35923-R and 35925-R of the Registry of Deeds of San Fernando, Pampanga.
- And pending the hearing of the Prayer for a Writ of Preliminary Injunction, it is prayed that a restraining

order be issued restraining the aforementioned defendants (TIAMSON, et al.) from rescinding their contracts with the plaintiff and from alienating the subject properties to the defendants LACSONS or any third persons; further, restraining and enjoining the defendants LACSONS from encumbering/selling the properties covered by TCT Nos. 35922-R, 35923-R, and 35925-R of the Registry of Deeds of San Fernando, Pampanga.

- Fixing the period within which plaintiff shall pay the balance of the purchase price to the defendants TIAMSON, et al., after the lapse of legal impediment, if any.
- Making the Writ of Preliminary Injunction permanent;
- Ordering the defendants to pay the plaintiff the sum of P500,000.00 as moral damages;
- Ordering the defendants to pay the plaintiff attorney's fees in the sum of P100,000.00 plus litigation expenses of P50,000.00;

Plaintiff prays for such other relief as may be just and equitable under the premises.[13]

In their answer to the complaint, the respondents as defendants asserted that (a) the defendant Angelica Vda. de Lacson had died on April 24, 1993; (b) twelve of the defendants were tenants/lessees of respondents, but the tenancy status of the rest of the defendants was uncertain; (c) they never induced the defendants Tiamson to violate their contracts with the petitioner; and, (d) being merely tenants-tillers, the defendants-tenants had no right to enter into any transactions involving their properties without their knowledge and consent. They also averred that the transfers or assignments of leasehold rights made by the defendants-tenants to the petitioner is contrary to Presidential Decree (P.D.) No. 27 and Republic Act No. 6657, the Comprehensive Agrarian Reform Program (CARP).[14] The respondents interposed counterclaims for damages against the petitioner as plaintiff.

The defendants-tenants Tiamson, et al., alleged in their answer with counterclaim for damages, that the money each of them received from the petitioner were in the form of loans, and that they were deceived into signing the deeds of assignment:

a)

That all the foregoing allegations in the Answer are hereby repleaded and incorporated in so far as they are material and relevant herein;

b)

That the defendants Tiamson, et al., in so far as the Deeds of Assignment are concern[ed] never knew that what they did sign is a Deed of Assignment. What they knew was that they were made to sign a document that will serve as a receipt for the loan granted [to] them by the plaintiff;

c)

That the Deeds of Assignment were signed through the employment of fraud, deceit and false pretenses of plaintiff and made the defendants believe that what they sign[ed] was a mere receipt for amounts received by way of loans;

d)

That the documents signed in blank were filled up and completed after the defendants Tiamson, et al., signed the documents and their completion and accomplishment was done in the absence of said defendants and, worst of all, defendants were not provided a copy thereof;

e)

That as completed, the Deeds of Assignment reflected that the defendants Tiamson, et al., did assign all their

rights and interests in the properties or landholdings they were tilling in favor of the plaintiff. That if this is so, assuming arguendo that the documents were voluntarily executed, the defendants Tiamson, et al., do not have any right to transfer their interest in the landholdings they are tilling as they have no right whatsoever in the landholdings, the landholdings belong to their co-defendants, Lacson, et al., and therefore, the contract is null and void;

f)

That while it is admitted that the defendants Tiamson, et al., received sums of money from plaintiffs, the same were received as approved loans granted by plaintiff to the defendants Tiamson, et al., and not as part consideration of the alleged Deeds of Assignment; and by way of:...[15]

At the hearing of the petitioner's plea for a writ of preliminary injunction, the respondents' counsel failed to appear. In support of his plea for a writ of preliminary injunction, the petitioner adduced in evidence the Deeds of Assignment,[16] the receipts[17] issued by the defendants-tenants for the amounts they received from him; and the letter[18] the petitioner received from the defendants-tenants. The petitioner then rested his case.

The respondents, thereafter, filed a Comment/Motion to dismiss/deny the petitioner's plea for injunctive relief on the following grounds: (a) the Deeds of Assignment executed by the defendants-tenants were contrary to public policy and P.D. No. 27 and Rep. Act No. 6657; (b) the petitioner failed to prove that the respondents induced the defendants-tenants to renege on their obligations under the "Deeds of Assignment;" (c) not being privy to the said deeds, the respondents are not bound by the said deeds; and, (d) the respondents had the absolute right to sell and dispose of their property and to encumber the same and cannot be enjoined from doing so by the trial court.

The petitioner opposed the motion, contending that it was premature for the trial court to resolve his plea for injunctive relief, before the respondents and the defendants-tenants adduced evidence in opposition thereto, to afford the petitioner a chance to adduce rebuttal evidence and prove his entitlement to a writ of preliminary injunction. The respondents replied that it was the burden of the petitioner to establish the requisites of a writ of preliminary injunction without any evidence on their part, and that they were not bound to adduce any evidence in opposition to the petitioner's plea for a writ of preliminary injunction.

On February 13, 1997, the court issued an Order[19] denying the motion of the respondents for being premature. It directed the hearing to proceed for the respondents to adduce their evidence. The court ruled that the petitioner, on the basis of the material allegations of the complaint, was entitled to injunctive relief. It also held that before the court could resolve the petitioner's plea for injunctive relief, there was need for a hearing to enable the respondents and the defendants-tenants to adduce evidence to controvert that of the petitioner. The respondents filed a motion for reconsideration, which the court denied in its Order dated April 16, 1997. The trial court ruled that on the face of the averments of the complaint, the pleadings of the parties and the evidence adduced by the petitioner, the latter was entitled to injunctive relief unless the respondents and the defendants-tenants adduced controverting evidence.

The respondents, the petitioners therein, filed a petition for certiorari in the Court of Appeals for the nullification of the February 13, 1997 and April 16, 1997 Orders of the trial court. The case was docketed as CA-G.R. SP No. 44883. The petitioners therein prayed in their petition that:

- An order be issued declaring the orders of respondent court dated February 13, 1997 and April 16, 1997 as null and void;
- An order be issued directing the respondent court to issue an order denying the application of respondent Herminio Tayag for the issuance of a Writ of Preliminary Injunction and/or restraining order.

- In the meantime, a Writ of Preliminary Injunction be issued against the respondent court, prohibiting it from issuing its own writ of injunction against Petitioners, and thereafter making said injunction to be issued by this Court permanent.

Such other orders as may be deemed just & equitable under the premises also prayed for.[20]

The respondents asserted that the Deeds of Assignment executed by the assignees in favor of the petitioner were contrary to paragraph 13 of P.D. No. 27 and the second paragraph of Section 70 of Rep. Act No. 6657, and, as such, could not be enforced by the petitioner for being null and void. The respondents also claimed that the enforcement of the deeds of assignment was subject to a supervening condition:

- That this exclusive and absolute right given to the assignee shall be exercised only when no legal impediments exist to the lot to effect the smooth transfer of lawful ownership of the lot/property in the name of the ASSIGNEE.[21]

The respondents argued that until such condition took place, the petitioner would not acquire any right to enforce the deeds by injunctive relief. Furthermore, the petitioner's plea in his complaint before the trial court, to fix a period within which to pay the balance of the amounts due to the tenants under said deeds after the "lapse" of any legal impediment, assumed that the deeds were valid, when, in fact and in law, they were not. According to the respondents, they were not parties to the deeds of assignment; hence, they were not bound by the said deeds. The issuance of a writ of preliminary injunction would restrict and impede the exercise of their right to dispose of their property, as provided for in Article 428 of the New Civil Code. They asserted that the petitioner had no cause of action against them and the defendants-tenants.

On April 17, 1998, the Court of Appeals rendered its decision against the petitioner, annulling and setting aside the assailed orders of the trial court; and permanently enjoining the said trial court from proceeding with Civil Case No. 10901. The decretal portion of the decision reads as follows:

However, even if private respondent is denied of the injunctive relief he demands in the lower court still he could avail of other course of action in order to protect his interest such as the institution of a simple civil case of collection of money against TIAMSON, et al.

For all the foregoing considerations, the orders dated 13 February 1997 and 16 April 1997 are hereby NULLIFIED and ordered SET ASIDE for having been issued with grave abuse of discretion amounting to lack or excess of jurisdiction. Accordingly, public respondent is permanently enjoined from proceeding with the case designated as Civil Case No. 10901.[22]

The CA ruled that the respondents could not be enjoined from alienating or even encumbering their property, especially so since they were not privies to the deeds of assignment executed by the defendants-tenants. The defendants-tenants were not yet owners of the portions of the landholdings respectively tilled by them; as such, they had nothing to assign to the petitioner. Finally, the CA ruled that the deeds of assignment executed by the defendants-tenants were contrary to P.D. No. 27 and Rep. Act No. 6657.

On August 4, 1998, the CA issued a Resolution denying the petitioner's motion for reconsideration.[23]

Hence, the petitioner filed his petition for review on certiorari before this Court, contending as follows:

I

A MERE ALLEGATION IN THE ANSWER OF THE TENANTS COULD NOT BE USED AS EVIDENCE OR BASIS FOR ANY CONCLUSION, AS THIS ALLEGATION, IS STILL THE SUBJECT OF TRIAL IN THE LOWER COURT (RTC).[24]

II

THE COURT OF APPEALS CANNOT ENJOIN THE HEARING OF A PETITION FOR PRELIMINARY INJUNCTION AT A TIME WHEN THE LOWER COURT (RTC) IS STILL RECEIVING EVIDENCE PRECISELY TO DETERMINE WHETHER OR NOT THE WRIT OF PRELIMINARY INJUNCTION BEING PRAYED FOR BY TAYAG SHOULD BE GRANTED OR NOT.[25]

III

THE COURT OF APPEALS CANNOT USE “FACTS” NOT IN EVIDENCE, TO SUPPORT ITS CONCLUSION THAT THE TENANTS ARE NOT YET “AWARDEES OF THE LAND REFORM.[26]

IV

THE COURT OF APPEALS CANNOT CAUSE THE PERMANENT STOPPAGE OF THE ENTIRE PROCEEDINGS BELOW INCLUDING THE TRIAL ON THE MERITS OF THE CASE CONSIDERING THAT THE ISSUE INVOLVED ONLY THE PROPRIETY OF MAINTAINING THE STATUS QUO.[27]

V

THE COURT OF APPEALS CANNOT INCLUDE IN ITS DECISION THE CASE OF THE OTHER 35 TENANTS WHO DO NOT QUESTION THE JURISDICTION OF THE LOWER COURT (RTC) OVER THE CASE AND WHO ARE IN FACT STILL PRESENTING THEIR EVIDENCE TO OPPOSE THE INJUNCTION PRAYED FOR, AND TO PROVE AT THE SAME TIME THE COUNTER-CLAIMS THEY FILED AGAINST THE PETITIONER.[28]

VI

THE LOWER COURT (RTC) HAS JURISDICTION OVER THE CASE FILED BY TAYAG FOR “FIXING OF PERIOD” UNDER ART. 1197 OF THE NEW CIVIL CODE AND FOR “DAMAGES” AGAINST THE LACSONS UNDER ART. 1314 OF THE SAME CODE. THIS CASE CANNOT BE SUPPRESSED OR RENDERED NUGATORY UNCEREMONIOUSLY.[29]

The petitioner faults the Court of Appeals for permanently enjoining the trial court from proceeding with Civil Case No. 10910. He opines that the same was too drastic, tantamount to a dismissal of the case. He argues that at that stage, it was premature for the appellate court to determine the merits of the case since no evidentiary hearing thereon was conducted by the trial court. This, the Court of Appeals cannot do, since neither party moved for the dismissal of Civil Case No. 10910. The petitioner points out that the Court of Appeals, in making its findings, went beyond the issue raised by the private respondents, namely, whether or not the trial court committed a grave abuse of discretion amounting to excess or lack of jurisdiction when it denied the respondent’s motion for the denial/dismissal of the petitioner’s plea for a writ of preliminary injunction. He, likewise, points out that the appellate court erroneously presumed that the leaseholders were not DAR awardees and that the deeds of assignment were contrary to law. He contends that leasehold tenants are not prohibited from conveying or waiving their leasehold rights in his favor. He insists that there is nothing illegal with his contracts with the leaseholders, since the same shall be effected only when there are no more “legal impediments.”

At bottom, the petitioner contends that, at that stage, it was premature for the appellate court to determine the merits of his case since no evidentiary hearing on the merits of his complaint had yet been conducted by the trial court.

The Comment/Motion of the
Respondents to Dismiss/Deny
Petitioner’s Plea for a Writ

of Preliminary Injunction
Was Not Premature.

Contrary to the ruling of the trial court, the motion of the respondents to dismiss/deny the petitioner's plea for a writ of preliminary injunction after the petitioner had adduced his evidence, testimonial and documentary, and had rested his case on the incident, was proper and timely. It bears stressing that the petitioner had the burden to prove his right to a writ of preliminary injunction. He may rely solely on the material allegations of his complaint or adduce evidence in support thereof. The petitioner adduced his evidence to support his plea for a writ of preliminary injunction against the respondents and the defendants-tenants and rested his case on the said incident. The respondents then had three options: (a) file a motion to deny/dismiss the motion on the ground that the petitioner failed to discharge his burden to prove the factual and legal basis for his plea for a writ of preliminary injunction and, if the trial court denies his motion, for them to adduce evidence in opposition to the petitioner's plea; (b) forgo their motion and adduce testimonial and/or documentary evidence in opposition to the petitioner's plea for a writ of preliminary injunction; or, (c) waive their right to adduce evidence and submit the incident for consideration on the basis of the pleadings of the parties and the evidence of the petitioner. The respondents opted not to adduce any evidence, and instead filed a motion to deny or dismiss the petitioner's plea for a writ of preliminary injunction against them, on their claim that the petitioner failed to prove his entitlement thereto. The trial court cannot compel the respondents to adduce evidence in opposition to the petitioner's plea if the respondents opt to waive their right to adduce such evidence. Thus, the trial court should have resolved the respondents' motion even without the latter's opposition and the presentation of evidence thereon.

The RTC Committed a Grave
Abuse of Discretion Amounting
to Excess or Lack of Jurisdiction
in Issuing its February 13, 1997
and April 16, 1997 Orders

In its February 13, 1997 Order, the trial court ruled that the petitioner was entitled to a writ of preliminary injunction against the respondents on the basis of the material averments of the complaint. In its April 16, 1997 Order, the trial court denied the respondents' motion for reconsideration of the previous order, on its finding that the petitioner was entitled to a writ of preliminary injunction based on the material allegations of his complaint, the evidence on record, the pleadings of the parties, as well as the applicable laws:

... For the record, the Court denied the LACSONS' COMMENT/MOTION on the basis of the facts culled from the evidence presented, the pleadings and the law applicable unswayed by the partisan or personal interests, public opinion or fear of criticism (Canon 3, Rule 3.02, Code of Judicial Ethics).[30]

Section 3, Rule 58 of the Rules of Court, as amended, enumerates the grounds for the issuance of a writ of preliminary injunction, thus:

(a)

That the applicant is entitled to the relief demanded, and the whole or part of such relief consists in restraining the commission or continuance of the act or acts complained of, or in requiring the performance of an act or acts, either for a limited period or perpetually;

(b)

That the commission, continuance or non-performance of the act or acts complained of during the litigation would probably work injustice to the applicant; or

(c)

That a party, court, agency or a person is doing, threatening, or is attempting to do, or is procuring or suffering to be done, some act or acts probably in violation of the rights of the applicant respecting the subject of the action or proceeding, and tending to render the judgment ineffectual.

A preliminary injunction is an extraordinary event calculated to preserve or maintain the status quo of things ante litem and is generally availed of to prevent actual or threatened acts, until the merits of the case can be heard. Injunction is accepted as the strong arm of equity or a transcendent remedy.[31] While generally the grant of a writ of preliminary injunction rests on the sound discretion of the trial court taking cognizance of the case, extreme caution must be observed in the exercise of such discretion.[32] Indeed, in *Olalia v. Hizon*,[33] we held:

It has been consistently held that there is no power the exercise of which is more delicate, which requires greater caution, deliberation and sound discretion, or more dangerous in a doubtful case, than the issuance of an injunction. It is the strong arm of equity that should never be extended unless to cases of great injury, where courts of law cannot afford an adequate or commensurate remedy in damages.

Every court should remember that an injunction is a limitation upon the freedom of action of the defendant and should not be granted lightly or precipitately. It should be granted only when the court is fully satisfied that the law permits it and the emergency demands it.[34]

The very foundation of the jurisdiction to issue writ of injunction rests in the existence of a cause of action and in the probability of irreparable injury, inadequacy of pecuniary compensation and the prevention of the multiplicity of suits. Where facts are not shown to bring the case within these conditions, the relief of injunction should be refused.[35]

For the court to issue a writ of preliminary injunction, the petitioner was burdened to establish the following: (1) a right in esse or a clear and unmistakable right to be protected; (2) a violation of that right; (3) that there is an urgent and permanent act and urgent necessity for the writ to prevent serious damage.[36] Thus, in the absence of a clear legal right, the issuance of the injunctive writ constitutes a grave abuse of discretion. Where the complainant's right is doubtful or disputed, injunction is not proper. Injunction is a preservative remedy aimed at protecting substantial rights and interests. It is not designed to protect contingent or future rights. The possibility of irreparable damage without proof of adequate existing rights is not a ground for injunction.[37]

We have reviewed the pleadings of the parties and found that, as contended by the respondents, the petitioner failed to establish the essential requisites for the issuance of a writ of preliminary injunction. Hence, the trial court committed a grave abuse of its discretion amounting to excess or lack of jurisdiction in denying the respondents' comment/motion as well as their motion for reconsideration.

First. The trial court cannot enjoin the respondents, at the instance of the petitioner, from selling, disposing of and encumbering their property. As the registered owners of the property, the respondents have the right to enjoy and dispose of their property without any other limitations than those established by law, in accordance with Article 428 of the Civil Code. The right to dispose of the property is the power of the owner to sell, encumber, transfer, and even destroy the property. Ownership also includes the right to recover the possession of the property from any other person to whom the owner has not transmitted such property, by the appropriate action for restitution, with the fruits, and for indemnification for damages.[38] The right of ownership of the respondents is not, of course, absolute. It is limited by those set forth by law, such as the agrarian reform laws. Under Article 1306 of the New Civil Code, the respondents may enter into contracts covering their property with another under such terms and conditions as they may deem beneficial provided they are not contrary to law, morals, good conduct, public order or public policy.

The respondents cannot be enjoined from selling or encumbering their property simply and merely because they had executed Deeds of Assignment in favor of the petitioner, obliging themselves to assign and transfer their rights or interests as agricultural farmers/laborers/sub-tenants over the landholding, and granting the petitioner the exclusive right to buy the property subject to the occurrence of certain conditions. The respondents were not parties to the said deeds. There is no evidence that the respondents agreed, expressly or impliedly, to the said deeds or to the terms and conditions set forth therein. Indeed, they assailed the validity of the said deeds on their claim that the same were contrary to the letter and spirit of P.D. No. 27 and Rep. Act No. 6657. The petitioner even admitted when he testified that he did not know any of the respondents, and that he had not met any of them before he filed his complaint in the RTC. He did not even know that one of those whom he had impleaded as defendant, Angelica Vda. de Lacson, was already dead.

Q:

But you have not met any of these Lacsons?

A:

Not yet, sir.

Q:

Do you know that two (2) of the defendants are residents of the United States?

A:

I do not know, sir.

Q:

You do not know also that Angela Tiotuvie (sic) Vda. de Lacson had already been dead?

A:

I am aware of that, sir.[39]

We are one with the Court of Appeals in its ruling that:

We cannot see our way clear on how or why injunction should lie against petitioners. As owners of the lands being tilled by TIAMSON, et al., petitioners, under the law, have the right to enjoy and dispose of the same. Thus, they have the right to possess the lands, as well as the right to encumber or alienate them. This principle of law notwithstanding, private respondent in the lower court sought to restrain the petitioners from encumbering and/or alienating the properties covered by TCT No. 35922-R, 35923-R and TCT No. 35925-R of the Registry of Deeds of San Fernando, Pampanga. This cannot be allowed to prosper since it would constitute a limitation or restriction, not otherwise established by law on their right of ownership, more so considering that petitioners were not even privy to the alleged transaction between private respondent and TIAMSON, et al.[40]

Second. A reading the averments of the complaint will show that the petitioner clearly has no cause of action against the respondents for the principal relief prayed for therein, for the trial court to fix a period within which to pay to each of the defendants-tenants the balance of the P50.00 per square meter, the consideration under the Deeds of Assignment executed by the defendants-tenants. The respondents are not parties or privies to the deeds

of assignment. The matter of the period for the petitioner to pay the balance of the said amount to each of the defendants-tenants is an issue between them, the parties to the deed.

Third. On the face of the complaint, the action of the petitioner against the respondents and the defendants-tenants has no legal basis. Under the Deeds of Assignment, the obligation of the petitioner to pay to each of the defendants-tenants the balance of the purchase price was conditioned on the occurrence of the following events: (a) the respondents agree to sell their property to the petitioner; (b) the legal impediments to the sale of the landholding to the petitioner no longer exist; and, (c) the petitioner decides to buy the property. When he testified, the petitioner admitted that the legal impediments referred to in the deeds were (a) the respondents' refusal to sell their property; and, (b) the lack of approval of the Department of Agrarian Reform:

Q :

There is no specific agreement prior to the execution of those documents as when they will pay?

A :

We agreed to that, that I will pay them when there are no legal impediment, sir.

Q :

Many of the documents are unlettered (sic) and you want to convey to this Honorable Court that prior to the execution of these documents you have those tentative agreement for instance that the amount or the cost of the price is to be paid when there are no legal impediment, you are using the word "legal impediment," do you know the meaning of that?

A :

When there are (sic) no more legal impediment exist, sir.

Q :

Did you make how (sic) to the effect that the meaning of that phrase that you used the unlettered defendants?

A :

We have agreed to that, sir.

ATTY. OCAMPO:

May I ask, Your Honor, that the witness please answer my question not to answer in the way he wanted it.

COURT:

Just answer the question, Mr. Tayag.

WITNESS:

Yes, Your Honor.

ATTY. OCAMPO:

Q :

Did you explain to them?

A :

Yes, sir.

Q :

What did you tell them?

A :

I explain[ed] to them, sir, that the legal impediment then especially if the Lacsons will not agree to sell their shares to me or to us it would be hard to (sic) me to pay them in full. And those covered by DAR. I explain[ed] to them and it was clearly stated in the title that there is [a] prohibited period of time before you can sell the property. I explained every detail to them.[41]

It is only upon the occurrence of the foregoing conditions that the petitioner would be obliged to pay to the defendants-tenants the balance of the P50.00 per square meter under the deeds of assignment. Thus:

- That in case the ASSIGNOR and LANDOWNER will mutually agree to sell the said lot to the ASSIGNEE, who is given an exclusive and absolute right to buy the lot, the ASSIGNOR shall receive the sum of FIFTY PESOS (P50.00) per square meter as consideration of the total area actually tilled and possessed by the ASSIGNOR, less whatever amount received by the ASSIGNOR including commissions, taxes and all allowable deductions relative to the sale of the subject properties.
- That this exclusive and absolute right given to the ASSIGNEE shall be exercised only when no legal impediments exist to the lot to effect the smooth transfer of lawful ownership of the lot/property in the name of the ASSIGNEE;
- That the ASSIGNOR will remain in peaceful possession over the said property and shall enjoy the fruits/earnings and/or harvest of the said lot until such time that full payment of the agreed purchase price had been made by the ASSIGNEE.[42]

There is no showing in the petitioner's complaint that the respondents had agreed to sell their property, and that the legal impediments to the agreement no longer existed. The petitioner and the defendants-tenants had yet to submit the Deeds of Assignment to the Department of Agrarian Reform which, in turn, had to act on and approve or disapprove the same. In fact, as alleged by the petitioner in his complaint, he was yet to meet with the defendants-tenants to discuss the implementation of the deeds of assignment. Unless and until the Department of Agrarian Reform approved the said deeds, if at all, the petitioner had no right to enforce the same in a court of law

by asking the trial court to fix a period within which to pay the balance of the purchase price and praying for injunctive relief.

We do not agree with the contention of the petitioner that the deeds of assignment executed by the defendants-tenants are perfected option contracts.[43] An option is a contract by which the owner of the property agrees with another person that he shall have the right to buy his property at a fixed price within a certain time. It is a condition offered or contract by which the owner stipulates with another that the latter shall have the right to buy the property at a fixed price within a certain time, or under, or in compliance with certain terms and conditions, or which gives to the owner of the property the right to sell or demand a sale. It imposes no binding obligation on the person holding the option, aside from the consideration for the offer. Until accepted, it is not, properly speaking, treated as a contract.[44] The second party gets in praesenti, not lands, not an agreement that he shall have the lands, but the right to call for and receive lands if he elects.[45] An option contract is a separate and distinct contract from which the parties may enter into upon the conjunction of the option.[46]

In this case, the defendants-tenants-subtenants, under the deeds of assignment, granted to the petitioner not only an option but the exclusive right to buy the landholding. But the grantors were merely the defendants-tenants, and not the respondents, the registered owners of the property. Not being the registered owners of the property, the defendants-tenants could not legally grant to the petitioner the option, much less the “exclusive right” to buy the property. As the Latin saying goes, “NEMO DAT QUOD NON HABET.”

Fourth. The petitioner impleaded the respondents as parties-defendants solely on his allegation that the latter induced or are inducing the defendants-tenants to violate the deeds of assignment, contrary to the provisions of Article 1314 of the New Civil Code which reads:

Art. 1314. Any third person who induces another to violate his contract shall be liable for damages to the other contracting party.

In *So Ping Bun v. Court of Appeals*,[47] we held that for the said law to apply, the pleader is burdened to prove the following: (1) the existence of a valid contract; (2) knowledge by the third person of the existence of the contract; and (3) interference by the third person in the contractual relation without legal justification.

Where there was no malice in the interference of a contract, and the impulse behind one’s conduct lies in a proper business interest rather than in wrongful motives, a party cannot be a malicious interferer. Where the alleged interferer is financially interested, and such interest motivates his conduct, it cannot be said that he is an officious or malicious intermeddler.[48]

In fine, one who is not a party to a contract and who interferes thereon is not necessarily an officious or malicious intermeddler. The only evidence adduced by the petitioner to prove his claim is the letter from the defendants-tenants informing him that they had decided to sell their rights and interests over the landholding to the respondents, instead of honoring their obligation under the deeds of assignment because, according to them, the petitioner harassed those tenants who did not want to execute deeds of assignment in his favor, and because the said defendants-tenants did not want to have any problem with the respondents who could cause their eviction for executing with the petitioner the deeds of assignment as the said deeds are in violation of P.D. No. 27 and Rep. Act No. 6657.[49] The defendants-tenants did not allege therein that the respondents induced them to breach their contracts with the petitioner. The petitioner himself admitted when he testified that his claim that the respondents induced the defendants-assignees to violate contracts with him was based merely on what “he heard,” thus:

Q:

Going to your last statement that the Lacsons induces (sic) the defendants, did you see that the Lacsons were inducing the defendants?

A:

I heard and sometime in [the] first week of August, sir, they went in the barrio (sic). As a matter of fact, that is the reason why they sent me letter that they will sell it to the Lacsons.

Q:

Incidentally, do you knew (sic) these Lacsons individually?

A:

No, sir, it was only Mr. Espinosa who I knew (sic) personally, the alleged negotiator and has the authority to sell the property.[50]

Even if the respondents received an offer from the defendants-tenants to assign and transfer their rights and interests on the landholding, the respondents cannot be enjoined from entertaining the said offer, or even negotiating with the defendants-tenants. The respondents could not even be expected to warn the defendants-tenants for executing the said deeds in violation of P.D. No. 27 and Rep. Act No. 6657. Under Section 22 of the latter law, beneficiaries under P.D. No. 27 who have culpably sold, disposed of, or abandoned their land, are disqualified from becoming beneficiaries.

From the pleadings of the petitioner, it is quite evident that his purpose in having the defendants-tenants execute the Deeds of Assignment in his favor was to acquire the landholding without any tenants thereon, in the event that the respondents agreed to sell the property to him. The petitioner knew that under Section 11 of Rep. Act No. 3844, if the respondents agreed to sell the property, the defendants-tenants shall have preferential right to buy the same under reasonable terms and conditions:

SECTION 11. Lessee's Right of Pre-emption. – In case the agricultural lessor desires to sell the landholding, the agricultural lessee shall have the preferential right to buy the same under reasonable terms and conditions: Provided, That the entire landholding offered for sale must be pre-empted by the Land Authority if the landowner so desires, unless the majority of the lessees object to such acquisition: Provided, further, That where there are two or more agricultural lessees, each shall be entitled to said preferential right only to the extent of the area actually cultivated by him. ...[51]

Under Section 12 of the law, if the property was sold to a third person without the knowledge of the tenants thereon, the latter shall have the right to redeem the same at a reasonable price and consideration. By assigning their rights and interests on the landholding under the deeds of assignment in favor of the petitioner, the defendants-tenants thereby waived, in favor of the petitioner, who is not a beneficiary under Section 22 of Rep. Act No. 6657, their rights of preemption or redemption under Rep. Act No. 3844. The defendants-tenants would then have to vacate the property in favor of the petitioner upon full payment of the purchase price. Instead of acquiring ownership of the portions of the landholding respectively tilled by them, the defendants-tenants would again become landless for a measly sum of P50.00 per square meter. The petitioner's scheme is subversive, not only of public policy, but also of the letter and spirit of the agrarian laws. That the scheme of the petitioner had yet to take effect in the future or ten years hence is not a justification. The respondents may well argue that the agrarian laws had been violated by the defendants-tenants and the petitioner by the mere execution of the deeds of assignment. In fact, the petitioner has implemented the deeds by paying the defendants-tenants amounts of money and even sought their immediate implementation by setting a meeting with the defendants-tenants. In fine, the

petitioner would not wait for ten years to evict the defendants-tenants. For him, time is of the essence.

The Appellate Court Erred
In Permanently Enjoining
The Regional Trial Court
From Continuing with the
Proceedings in Civil Case
No. 10910.

We agree with the petitioner's contention that the appellate court erred when it permanently enjoined the RTC from continuing with the proceedings in Civil Case No. 10910. The only issue before the appellate court was whether or not the trial court committed a grave abuse of discretion amounting to excess or lack of jurisdiction in denying the respondents' motion to deny or dismiss the petitioner's plea for a writ of preliminary injunction. Not one of the parties prayed to permanently enjoin the trial court from further proceeding with Civil Case No. 10910 or to dismiss the complaint. It bears stressing that the petitioner may still amend his complaint, and the respondents and the defendants-tenants may file motions to dismiss the complaint. By permanently enjoining the trial court from proceeding with Civil Case No. 10910, the appellate court acted arbitrarily and effectively dismissed the complaint *motu proprio*, including the counterclaims of the respondents and that of the defendants-tenants. The defendants-tenants were even deprived of their right to prove their special and affirmative defenses.

IN LIGHT OF ALL THE FOREGOING, the petition is **PARTIALLY GRANTED**. The Decision of the Court of Appeals nullifying the February 13, 1996 and April 16, 1997 Orders of the RTC is **AFFIRMED**. The writ of injunction issued by the Court of Appeals permanently enjoining the RTC from further proceeding with Civil Case No. 10910 is hereby **LIFTED** and **SET ASIDE**. The Regional Trial Court of Mabalacat, Pampanga, Branch 44, is **ORDERED** to continue with the proceedings in Civil Case No. 10910 as provided for by the Rules of Court, as amended.

SO ORDERED.

Puno, (Chairman), Quisumbing, Austria-Martinez, and Tinga, JJ., concur.

[1] Penned by Associate Justice Demetrio G. Demetria with Associate Justices Minerva P. Gonzaga-Reyes, later a member of the Supreme Court, now retired, and Ramon A. Barcelona, retired, concurring.

[2] CA Rollo, p. 142.

[3] Also referred to as Angela or Angelina Tiotuyco Vda. de Lacson.

[4] Rollo, pp. 34, 56.

[5] The petitioner alleged in his complaint that the other group are sub-tenants but the respondents specifically denied allegation in their answer to the complaint.

[6] Herein is a sample of such deed of assignment similarly signed by the thirty-five defendants-tenants –

...

WHEREAS, the ASSIGNOR is one of the agricultural lessee of a certain real property covered under Transfer Certificate of Title No. 35925-R registered in the names of the following persons: 1. ANGELA TIOTUYCO VDA. DE LACSON

2. AMANCIA LACSON
3. ANTONIO LACSON
4. JUAN LACSON
5. TEODOSIA LACSON

situated at ANGELES CITY, MABALACAT and MAGALANG, PAMPANGA.

WHEREAS, the said property is being administered by MR. RENATO ESPINOSA with postal address at Chateau de Bai Condominium, Roxas Boulevard cor. Airport Road, Baclaran, Parañaque, Metro Manila;

WHEREAS, the ASSIGNOR offered to assign his rights as tenant/lessee over the portion of the aforecited land actually tilled and possessed by him and the ASSIGNEE has agreed and accepted such offer under the following terms and conditions to wit:

- That the consideration of the said DEED OF ASSIGNMENT is the sum of TEN THOUSAND (P10,000.00) Philippine Currency receipt of which is hereby acknowledged by, ASSIGNOR;
- That in case the ASSIGNOR and LANDOWNER will mutually agree to sell said lot to the ASSIGNEE, who is given an exclusive and absolute right to buy the lot, the ASSIGNOR shall receive the sum of FIFTY PESOS (P50.00) per square meter as consideration of the total area actually tilled and possessed by ASSIGNOR, less whatever amount received by the ASSIGNOR including commissions, taxes & all allowable deductions relative to the sale of the subject properties.
- That this exclusive and absolute right given to the ASSIGNEE shall be exercised only when no legal impediments exist to the lot to effect the smooth transfer of lawful ownership of the lot/property in the name of the ASSIGNEE;
- That the ASSIGNOR will remain in peaceful possession over the said property and shall enjoy the fruits/earnings and/or harvest of the said lot until such time that full payment of the agreed purchase price had been made by the ASSIGNEE.

The petitioner claims that aside from the said deed, the defendants-tenants executed Memoranda of Agreement and Supplemental Deeds of Assignment.

[7] CA Rollo, p. 33.

[8] Id. at 31.

[9] Id. at 31.

[10] Rollo, p. 33.

[11] CA Rollo, pp. 23-25.

[12] Id. at 26-27.

[13] Id. at 27-29.

[14] Id. at 41.

[15] Id. at 34-35.

[16] Exhibits "A" to "HH."

[17] Exhibits "I" to "II-18."

- [18] Exhibit “JJ.”
- [19] CA Rollo, p. 62.
- [20] Id. at 20.
- [21] Id. at 14.
- [22] Id. at 97.
- [23] Id. at 142
- [24] Rollo, p. 16.
- [25] Id. at 17.
- [26] Id. at 19.
- [27] Id. at 21.
- [28] Id.
- [29] Id. at 22.
- [30] CA Rollo, p. 74.
- [31] Cagayan de Oro City Landless Residents Asso., Inc. v. Court of Appeals, 254 SCRA 220 (1996).
- [32] Ong Ching Kian Chuan v. Court of Appeals, 363 SCRA 145 (2001).

[33] 196 SCRA 665 (1991).

- [34] Id. at 672-673.
- [35] Id., citing *Golding v. Balatbat*, 36 Phil. 941 (1917).
- [36] *Crystal v. Cebu International School*, 356 SCRA 296 (2001); *Verzosa v. Court of Appeals*, 299 SCRA 100 (1998).
- [37] *Arcegas v. Court of Appeals*, 275 SCRA 176 (1997); *Idolor v. Court of Appeals*, 351 SCRA 399 (2001).
- [38] Tolentino, *Civil Code of the Philippines*, Vol. II, 1963 ed., p. 41.
- [39] CA Rollo, p. 50.
- [40] Rollo, p. 30.
- [41] Id. at 61-62.
- [42] Id. at 43.
- [43] Id. at 21.
- [44] *Adelfa Properties, Inc. v. Court of Appeals*, 240 SCRA 565 (1995).
- [45] *Litonjua v. L & R Corporation*, 328 SCRA 796 (2000).
- [46] *Laforteza v. Machuca*, 333 SCRA 643 (2000).

[47] 314 SCRA 751 (1999).

[48] Id., citing *Gilchrist v. Cuddy*, 29 Phil. 542 (1915).

[49] Exhibit “JJ.”

[50] CA Rollo, pp. 51-52.

[51] Supra.

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