

PHILIPPINE LEISURE AND RETIREMENT AUTHORITY (FORMERLY PHILIPPINE RETIREMENT AUTHORITY), PETITIONER, VS. THE HONORABLE COURT OF APPEALS, THE HONORABLE REGIONAL TRIAL COURT, BRANC...*G.R. No. 156303. December 19, 2007*

Ponente: VELASCO JR., J.

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Petitioner Philippine Leisure and Retirement Authority (PLRA), formerly Philippine Retirement Authority, is a government-owned and controlled corporation created by Executive Order No. 1037, entitled Creating the Philippine Retirement Park System, Providing Funds Therefor and for Other Purposes. The PLRA was created to develop and promote the Philippines as a retirement haven. PLRA implemented the Philippine Retirement Program (program) to attract former Filipinos, now foreigners (balikbayans), to invest in the Philippines. Under the program, all foreign nationals, except those classified as restricted by the Department of Foreign Affairs, and balikbayans, holders of foreign passports who are at least 35 years old, upon compliance with requirements, and payment of required fees, may be granted Special Resident Retirees Visa by the Bureau of Immigration through applications processed by PLRA.

Sometime in 1989, 12 principal retirees of PLRA organized and registered with the Securities and Exchange Commission (SEC) the Philippine Retirement Authority Members Association, Inc. (PRAMAI). In 1994, Atty. Ramon M. Collado, a principal retiree of PLRA, registered with the SEC another association, the P.R.A. Members Association Foundation, Inc. (PRAMA). PRAMAI was one of the incorporators of PRAMA. Atty. Collado, then a consultant of PLRA for Special Projects and Investments, envisioned PRAMA as a non-governmental foundation to assist PLRA in implementing the PLRA's programs.

Initially, PRAMA held its office in the office of PLRA and shared its accounting and other office systems. Subsequently, on November 17, 1997, PRAMA transferred and set up its own office systems.

After its incorporation, PRAMA executed several Memoranda of Agreement (MOAs) with PLRA's short-listed banks to promote the banks' services among PRAMA members who were PLRA's principal retirees. In the MOAs, the banks agreed to pay PRAMA a marketing fee of one-half (½) of 1% of the total outstanding balance of the principal retirees' deposits in the listed banks.

In late December 1995, PLRA issued a resolution[1] requiring PLRA principal retirees to become PRAMA members. The resolution provided that PLRA would collect the annual membership fee of PhP 2,000. When PRAMA transferred offices, PLRA remitted to PRAMA the membership fees it collected in the amounts of PhP 114,000 for 1997, PhP 472,000 for 1998, PhP 858,000 for 1998, and PhP 1,444,000 for 2000,[2] all duly acknowledged and receipted by PRAMA.

Meanwhile, on December 9, 1997, the PLRA Board issued another resolution[3] approving the request of

PRAMA to include in their website PLRA retirement program materials and the creation of a committee composed of PLRA and PRAMA members to study all the aspects, possibilities, and the support PLRA can give PRAMA, at no cost to the government. It was aimed to enhance the program of the government, and grant authority to the Chief Executive Officer (CEO) and General Manager of PLRA to enter into a MOA with PRAMA. With the favorable opinion of the Office of the Government Corporate Counsel (OGCC), on May 28, 1999, the parties entered into a MOA.[4]

Subsequently, on March 31, 2000, after collecting PRAMA's annual membership fees since 1996, PLRA sent PRAMA a letter[5] to the effect that it would continue to collect PRAMA's membership fees for a five percent service fee based on total collections effective January 2000, in accordance with Section 44 of the Government Accounting and Auditing Manual, Vol. 1 and Administrative Order No. 197. PRAMA objected.

Thereafter, in its August 2000 issue of PRAMA Updates, Volume VI, Number 2, Special Health Care Issue, under the editorial column entitled Notes from the President and What is PLRA up to?,[6] some derogatory allegations and pejorative remarks were leveled against PLRA. PLRA promptly complained and communicated its objections to PRAMA.

In a meeting on August 24, 2000, the officers of PLRA and PRAMA tried to iron out their differences such as discrepancies in their respective records on the number of principal retirees, and the actual annual membership fee collections. PRAMA claimed that its external auditor, Alba Romeo & Co., found that about 40% of its member-retirees had not paid their annual membership dues.

On September 26, 2000, PRAMA wrote PLRA to inform the latter that it was sending its accountant, Eleonora D. Gamaru, to the latter's office to reconcile the records of the member-retirees with the remittances to PRAMA.[7] On September 27, 2000, PLRA sent PRAMA a letter[8] expressing both gratitude and exception to the two editorials in the PRAMA Updates August 2000 issue.

When Gamaru went to the PLRA office to reconcile records, she complained she was not given all the records. PLRA denied her allegations in a letter dated October 2, 2000,[9] explaining that it furnished Gamaru records pertaining only to the annual membership dues of the retirees which were the object of Gamaru's reconciliation. It did not furnish Gamaru records on visitorial and ID fees of the principal retirees as these payments concerned only PLRA.

On October 9, 2000, PLRA wrote another letter[10] to PRAMA concerning the amount of PhP 10,811,433 allegedly due to PRAMA based on PRAMA's schedule of membership fees for the years 1997 through August 23, 2000. PLRA also requested for photocopies of PRAMA's receipt books for these years to verify the figures and to identify the retirees who have not yet paid their membership fees.

Earlier, on October 6, 2000, in PRAMA's letter/reply, it explained that, among others, it still needed to reconcile and update their records. PRAMA said PLRA had not given it accurate data on the final figures of member-retirees and, consequently, it could not give accurate figures of their collections. In particular, PRAMA explained that Gamaru had worked only for two days, and after she reviewed the files for October 1996, she discovered that several retirees paid the annual membership dues but these were not remitted by PLRA. She also claimed that PLRA Acting Deputy General Manager Bernardino and PLRA CEO and General Manager Atty. Vernetta Umali-Paco refused her access to the November and December 1996 files such that she could not continue her review of the files.

PRAMA also said that the discrepancies reflected in the records were increasing and had been unreported for years; hence, it informed PLRA of its resolution authorizing Atty. Collado to conduct an investigation on what

seemed were anomalies and to take legal action.

Exchanges of letters between PRAMA and PLRA ensued.

Meanwhile, on November 8, 2000, PRAMA asked PLRA for an updated list of investor retiree-members with their addresses and nationality to offer them insurance development services, e.g., comprehensive Philam health care, memorial plans, Philamlife and Golden Village finance management, etc.[11] PLRA explained PRAMA's request could not be acted upon since it did not have these data.

PLRA accused PRAMA of sowing seeds of discontent and suspicion among PLRA's principal retirees, and of breach of the MOA. PLRA referred the rescission of the MOA to the OGCC. The OGCC opined that PLRA through its Board of Trustees could unilaterally rescind the MOA because PRAMA violated the MOA. Consequently, in a meeting on December 11, 2000, the PLRA Board of Trustees resolved to terminate the MOA.

On January 25, 2001, PRAMA instituted a Complaint for Specific Performance with Prayer for Preliminary Injunction,[12] docketed as Civil Case No. 01-112, against PLRA before the Makati City Regional Trial Court (RTC). PRAMA alleged that the termination of the MOA was illegal and PLRA had yet to remit all membership fee collections covering 1996 to 2000.

The RTC granted preliminary injunction

After the hearings on the preliminary injunction, the RTC through its April 30, 2001 Order[13] granted PRAMA's prayer for an injunctive writ. The trial court found that the parties had agreed verbally that PRAMA would acquire and develop the facilities and benefits for the retirees, while PLRA would remit to PRAMA PhP 2,000 per retiree as membership dues per year to fund expenses. The trial court also found that PLRA, without prior notice and without addressing the problem of reconciling the records, unilaterally terminated the MOA; terminated the appointment of Atty. Collado as consultant of PLRA for Special Projects and Investments; and rescinded the authorization for compulsory membership of PLRA retirees to the PRAMA. The trial court concluded that PRAMA had established its right in esse to be protected; PLRA had no legal cause to rescind the MOA; and the MOA did not contain any provision authorizing automatic cancellation of the MOA. The RTC concluded that court intervention was needed in the event that the terms of the MOA were violated. The RTC granted and issued the preliminary mandatory injunction against PLRA.

The April 30, 2001 Order disposed:

WHEREFORE, upon posting a bond in the amount of PHP One (1) Million (P1,000,000.00), the same to be approved by the Court, let a writ of preliminary mandatory injunction issue compelling the defendant to reinstate the MOA and for the defendant to faithfully comply with the remittance of all monies due the plaintiff.

SO ORDERED.

Aggrieved, PLRA assailed the April 30, 2001 RTC Order before the Court of Appeals (CA).

On January 31, 2002, the CA rendered the assailed Decision[14] denying PLRA's petition for certiorari. The fallo reads:

WHEREFORE, the petition is DENIED. The Order, dated 30 April 2001 issued by the public respondent is hereby AFFIRMED. Accordingly, let this case be remanded to the Regional Trial Court, Makati City, Branch 57 for further proceedings and proper disposition with dispatch. Needless to state, petitioner PRA's motion for the issuance of a writ of preliminary injunction is rendered moot and academic.

The appellate court said that the RTC did not commit grave abuse of discretion in granting the preliminary

mandatory injunction as the injunction fulfilled all requirements and was well supported by sufficient evidence.

On February 14, 2002, the RTC issued an Order[15] resolving PRAMA's Motion to Order Defendant to Comply with the Implementation of the Preliminary Mandatory Injunction and to Cite for Contempt and Motion to Implement the April 30, 2001 Order, which were duly opposed by PLRA.

On March 4, 2002, PLRA concurrently filed its Motion for Reconsideration of the January 31, 2002 CA Decision, which was denied by the CA only on November 27, 2002.

On April 29, 2002, the RTC issued two orders. The First Order[16] denied PRAMA's motion to cite PLRA for contempt[17] for failure to comply with the February 14, 2002 Order. At the same time, it put PLRA on notice to comply within five (5) days from date of receipt; otherwise, it would be cited for contempt without further notice. The Second Order[18] denied PLRA's motion for reconsideration of the February 14, 2002 Order.

On May 8, 2002, PLRA filed a Manifestation informing the RTC that the reinstatement of the MOA and of Atty. Collado as consultant of PLRA was already included in the agenda of the next board meeting of the PLRA trustees, and that PLRA had already sent appropriate letters to the banks.

On June 13, 2002, the RTC issued an Order[19] granting PRAMA's Motion for Clarificatory Order, and disregarding PLRA's Comment to the motion. The dispositive portion reads:

Above premises considered, this Court hereby GRANTS the Motion of the plaintiff [in] toto and reinstate the Order dated 14 February 2002 as follows:

WHEREFORE, defendant through its Board of Trustees and General Manager and Chief Executive Officer is ordered to do the following:

- Reinstate the Memorandum of Agreement (MOA) that was terminated on December 11, 2000;
- Reinstate Mr. Ramon M. Collado as the Consultant of PRA for Special Projects and Investments;
- Pay to PRAMA Foundation Inc. the one half percent (0.5%) of the commission received by PRA from the accredited banks since January 2001 up to today, representing the one half percent (0.5%) of the total deposit of the retiree-members; and
- Give necessary instruction to the depositary banks, namely: Equitable PCI Bank, Solid Bank (now Metropolitan Bank and Trust Company), Bank of Commerce, and Chinatrust that from now on, to pay PRAMA Foundation Inc. the fee of one half percent (0.5%) per annum of the total average daily balance of funds deposited by foreign retirees under the program of PRA with the banks to be paid monthly.

Defendant's failure to comply with this Order upon receipt hereof shall be construed by the Court as deliberate disobedience to its processes and shall be cited for contempt. Defendant is therefore ordered to report to the Court on its compliance of this Order specifically the proof of the reinstatement of the MOA, proof of payment to PRAMA Foundation, Inc. and give necessary instruction to the depositary banks to pay PRAMA Foundation, Inc. the fee of one half percent (0.5%) per annum monthly, and the reinstatement of Mr. Ramon Collado as the Consultant of PRA for Special Projects and Investment on the next day from receipt of this Order.

SO ORDERED.

The following day, OIC Erlina P. Lozada filed a Motion with Manifestation.[20]

On June 18, 2002, the RTC issued an Order prompted by PRAMA's Manifestation[21] which asked the court to cite for contempt the PLRA Board of Trustees and PLRA officers Atty. Umali-Paco and OIC Lozada. The

dispositive portion of the Order reads:

WHEREFORE, pursuant to the Order of the Court dated 14 February 2002 as clarified in the Order dated 13 June 2002 and noting the Manifestation of the plaintiff with its attachments and the more than considerable lapse of time from the date of issuance of the original Order, the non-compliance of which is in utter disregard of this Court's Authority, the Court hereby cites in CONTEMPT Philippine Retirement Authority and the following officers, namely, MANUEL A. ROXAS III, RICHARD S. GORDON, ANDREA DOMINGO, RAFAEL B. BUENAVENTURA, and ERLINA P. LOZADA, as Officer-in-Charge, and particularly ATTY. VERNETTE UMALI-PACO and hereby orders said officers detained until they comply with the Order of this Court.

SO ORDERED.[22]

On June 24, 2002, the RTC issued an Order giving due course to PLRA's Notice of Appeal and allowing its officers to post PhP 20,000 bail, while at the same time finding PLRA, its Board of Trustees, and officers guilty anew of Indirect Contempt for which they were each fined PhP 30,000.

Both appeals assailing the June 18, 2002 and June 24, 2002 Orders are now pending before the CA.

On October 27, 2006, PRAMA filed an Ex-Parte Urgent Motion for the Immediate Issuance of a Writ of Preliminary Mandatory Injunction[23] before the RTC which was granted through the November 8, 2006 Order,[24] and an Alias Writ of Preliminary Mandatory Injunction[25] was issued on November 9, 2006. This prompted PLRA to file before this Court on November 13, 2006 an Urgent Motion for Issuance of a Temporary Restraining Order (TRO) and/or Injunction[26] which we granted through our November 15, 2006 Resolution[27] with the corresponding TRO[28] promptly issued.

PRAMA, however, filed before the RTC on November 13, 2006 a Very Urgent Ex-Parte Motion for a Supplemental Order to Prevent Dissipation of Bank Deposits[29] which was granted by the trial court through a Supplemental Order dated November 14, 2006, decreeing thus:

WHEREFORE, premises considered, the Court hereby orders all of Philippine Retirement Authority's depository banks namely Land Bank of the Philippines, Equitable PCI Bank, and Development Bank of the Philippines not to allow any withdrawals from defendant's corresponding various accounts, and further orders all the accredited banks, namely: Allied Bank, Bank of Commerce, East West Bank, Equitable PCIBank, Export Bank, PS Bank, RCBC, Union Bank, Bank of China, KEB (Korean Bank), Maybank, Robinson's Bank, RCBC Savings Bank, Security Bank, and Tong Yang Bank to refrain from remitting to PRA the management fees until PRA has faithfully complied with the Alias Writ of Preliminary Mandatory Injunction date[d] November 9, 2006 in accordance with this Court's Orders of February 14, 2002 as clarified in the Order of June 13, 2002.

SO ORDERED.

Through a Manifestation and Motion dated November 28, 2006, PLRA informed the Court that the above supplemental order was promptly served on the concerned banks despite receipt by the RTC of the TRO we have issued on November 15, 2006.

The Issues

In this Petition for Review on Certiorari under Rule 45, PLRA raises the following issues:

I

WHETHER OR NOT THE DECISION OF THE TRIAL COURT, AS AFFIRMED BY THE COURT OF

APPEALS, IS IN ACCORD WITH LAW AND OBTAINING JURISPRUDENCE

II

WHETHER THE MANDATORY INJUNCTION ISSUED MAY INCLUDE RELIEFS NOT STATED OR PRAYED FOR IN THE COMPLAINT ITSELF OR EVEN TAKEN UP DURING THE HEARING CONDUCTED FOR THE PURPOSE.[30]

In gist, the issues are: (1) Was the preliminary mandatory injunction issued in accordance with law?; and (2) May the Court include reliefs not prayed for?

The Court's Ruling

The petition is meritorious.

Petitioner argues that the preliminary mandatory injunction affirmed by the CA was not in accord with law and jurisprudence as courts cannot compel a party to execute and/or renew a contract. Petitioner posits that the power to do so is in the full discretion of the Board of the corporation and the court cannot substitute its judgment to those of petitioner's officers and directors. Also, petitioner avers that the MOA may be unilaterally rescinded. Petitioner contends that the preliminary mandatory injunctive writ was issued with grave abuse of discretion, and that PRAMA had not shown that it would be irreparably injured if the writ was not issued, a legal requirement for the issuance of the writ. Petitioner asserts that even if the requisites were present, the writ was issued with grave abuse of discretion since the Orders dated February 14, 2002 and June 13, 2002 granted reliefs not taken up during the hearing for the issuance of the injunctive writ and the grant of which resulted in the resolution of the main case.

Judicial determination of unilateral rescission

Prefatorily, we find that petitioner is mistaken to say that the courts cannot interfere with the decision of a corporation's officers and Board of Trustees, nor can a party not be allowed to unilaterally rescind an agreement. The right to rescind is provided for in Article 1191 of the Civil Code, which states:

ART. 1191. The power to rescind obligations is implied in reciprocal ones, in case one of the obligors should not comply with what is incumbent upon him.

The injured party may choose between the fulfillment and the rescission of the obligation, with the payment of damages in either case. He may also seek rescission, even after he has chosen fulfillment, if the latter should become impossible.

The court shall decree the rescission claimed, unless there be just cause authorizing the fixing of a period.

Thus, even if a provision providing for a right to rescind is not in the agreement, a party may still rescind a contract should one obligor fail to comply with its obligations.

While PLRA may have the right to rescind the MOA, treat the contract as cancelled, and communicate the rescission to PRAMA, the cancellation of the MOA is still subject to judicial scrutiny, should the cancellation be contested and brought to court. In *University of the Philippines v. De Los Angeles*, this Court stressed and explained, thus:

[T]he party who deems the contract violated may consider it resolved or rescinded, and act accordingly, without previous court action, but it proceeds at its own risk. For it is only the final judgment of the corresponding court that will and finally settle whether the action taken was or was not correct in law. But the law definitely does not require that the contracting party who believes itself injured must first file suit and wait for a judgment before taking extrajudicial steps to protect its interest. Otherwise, the party, injured by the

other's breach will have to passively sit and watch its damages accumulate during the pendency of the suit until the final judgment of rescission is rendered when the law itself requires that he should exercise due diligence to minimize its own damages (Civil Code, Article 2203).[31] (Emphasis supplied.)

In the instant case, PRAMA judicially questioned the unilateral rescission by PLRA, and the trial court still has to determine whether the unilateral rescission was justified. PLRA is wrong to say that the courts may not interfere with its decision to rescind in the exercise of its management prerogatives.

Requisites for issuance of a mandatory injunctive writ

Now, as to the regularity and propriety in the issuance of the writ of preliminary mandatory injunction, Sec. 3, Rule 58 of the 1997 Revised Rules of Civil Procedure provides that the issuance of a writ of preliminary injunction may be granted if the following requisites are met:

(1)

The applicant must have a clear and unmistakable right, that is a right in esse;

(2)

There is a material and substantial invasion of such right; and

(3)

There is an urgent need for the writ to prevent irreparable injury to the applicant; and no other ordinary, speedy, and adequate remedy exists to prevent the infliction of irreparable injury.

In numerous instances and recently in *Marquez v. The Presiding Judge* (Hon. Ismael B. Sanchez), RTC Br. 58, Lucena City,[32] we explained that the writ of preliminary injunction is issued to prevent threatened or continuous irremediable injury to some of the parties before their claims can be thoroughly studied and adjudicated. Its sole aim is to preserve the status quo until the merits of the case can be heard fully. Thus, it will be issued only upon a showing of a clear and unmistakable right that is violated. Moreover, an urgent necessity for its issuance must be shown by the applicant.

We held in *Marquez*:

It is basic that the issuance of a writ of preliminary injunction is addressed to the sound discretion of the trial court, conditioned on the existence of a clear and positive right of the applicant which should be protected. It is an extraordinary, peremptory remedy available only on the grounds expressly provided by law, specifically Section 3, Rule 58 of the Rules of Court. Moreover, extreme caution must be observed in the exercise of such discretion. It should be granted only when the court is fully satisfied that the law permits it and the emergency demands it. The very foundation of the jurisdiction to issue a 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 multiplicity of suits. Where facts are not shown to bring the case within these conditions, the relief of injunction should be refused.

The trial court while having sound discretion on its issuance must still satisfy the strict requirements of the law. We have consistently held that the exercise of sound judicial discretion by the lower court in injunctive matters should not be interfered with except in cases of manifest abuse.[33]PRAMA failed to show a right in esse to be protected

In the instant case, our review of the records shows that the trial court gravely abused its discretion in issuing the assailed preliminary mandatory injunction.

First, the requirement of a clear and unmistakable right, a right in esse that must be protected, is not met. PRAMA alleges in its complaint that the unilateral rescission of the subject MOA would well nigh paralyze its operations as the payment of the membership fees of its member-retirees would not be collected. The records show, however, that the parties had only verbally agreed on the manner of collection before 1996, when mandatory membership of PLRA principal retirees to PRAMA was imposed. Even as early as 1996, PLRA started collecting the membership dues. The MOA was executed only on May 28, 1999. Nowhere in the MOA does it show that PLRA was legally bound to collect the membership dues for PRAMA. In short, the arrangement to let PLRA collect the membership fees for PRAMA was merely an accommodation to PRAMA that PLRA could terminate at will. The collection scheme was not a contractual obligation. The membership fees are for the operations of PRAMA, not for the benefit of PLRA. One of the seeds of discord between PRAMA and PLRA was PLRA's demand for a 5% charge on the total collection of membership dues. As aptly pointed out, there is no reason why PRAMA could not collect the membership dues itself. While it is true that the collection of PRAMA annual membership dues and ID fees by PLRA was convenient both for PRAMA and the principal retirees, this reciprocal benefit was merely an accommodation, not a right in esse of PRAMA.

Second, the Orders of February 14, 2002 and June 13, 2002, clarifying the assailed April 30, 2001 Order, manifestly showed the trial court abused its discretion when it ordered: (1) the reinstatement of Atty. Collado as consultant to PLRA; (2) the payment to PRAMA of 0.5% commissions allegedly received by PLRA from its short-listed banks; and (3) instructions to said banks to remit the said 0.5% commission to PRAMA.

While only the April 30, 2001 Order granting the preliminary mandatory injunction is the principal subject of this petition, we cannot ignore the Orders of February 14, 2002 and June 13, 2002 which are mere clarificatory orders of the assailed April 30, 2001 Order. Indeed, the two orders expanded the preliminary mandatory injunction granted to PRAMA.

The reinstatement of Atty. Collado is not the subject of the MOA. Atty. Collado has been appointed PLRA pro bono consultant since 1994. He held that position on the confidence of PLRA Officers and Board of Trustees. Thus, the officers and board have the management prerogative to terminate him for whatever business reasons they may have. In this instance, the Court cannot interfere with a management decision of the board to terminate him. It cannot be the subject of an injunctive writ.

Further, PRAMA cannot order PLRA to remit the 0.5% commissions it allegedly received from short-listed banks. The 0.5% of the total outstanding balance of the principal retirees' deposits with the PLRA's short-listed banks is paid to PRAMA as marketing fee which is the subject of a separate MOA between PRAMA and the banks concerned. PLRA is not privy to this MOA. If the banks refuse to pay PRAMA the marketing fees starting 2001, PLRA cannot be forced to do so. The MOA between PRAMA and the banks has nothing to do with the MOA between PLRA and PRAMA.

Similarly, the trial court cannot order PLRA to give instructions to its short-listed banks to continue remitting to PRAMA the 0.5% commission. It has no legal foundation. PLRA, not privy to the MOA between PRAMA and the banks, cannot interfere with the contractual relation and obligations of PRAMA and the banks. In short, the MOA between PRAMA and the banks does not concern PLRA.

Third, the banks are not impleaded in Civil Case No. 01-112. We note the carefully worded directives in the Orders of February 14, 2002 and June 13, 2002, commanding PLRA to remit the 0.5% commission and to give instructions to the short-listed banks. The trial court cannot order the banks directly, as the latter have not been

impleaded in the civil case.

Fourth, the April 30, 2001 Order of the trial court to remit the monies due to PRAMA was not only vague, but also resolved one of the main issues of the case precluded in a preliminary injunctive writ. While this was clarified by the trial court in its later Orders of February 14, 2002 and June 13, 2002, still the assailed April 30, 2001 Order was the one affirmed by the CA. The CA erred on this because the order to remit all the monies due to PRAMA was a subject of the main case. What precipitated the case before the trial court was the issue of the alleged non-remittance by PLRA of the membership dues it allegedly collected for PRAMA. The merits of this issue still have to be heard and resolved. It cannot be the subject of a preliminary mandatory injunction which is only an ancillary remedy.

The purpose of the ancillary relief is to keep things as they peaceably are while the court passes upon the merits. Where a preliminary prohibitory or mandatory injunction will result in a premature resolution of the case, or will grant the principal objective of the parties before merits can be passed upon, the prayer for the relief should be properly denied.^[34] Allowing PRAMA to receive all monies remitted to it through a preliminary mandatory injunction would result in PRAMA obtaining what it prayed for without trial on its merits. The premature resolution of a major issue of the main case before the merits can be passed upon compels us to reject such grant and strike down the assailed April 30, 2001 Order.

Given the foregoing review, we so hold that the CA committed reversible error in upholding the assailed April 30, 2001 Order of the trial court, which gravely abused its discretion in granting said preliminary mandatory injunction.

WHEREFORE, the petition is GRANTED, and the January 31, 2002 Decision and November 17, 2002 Resolution of the CA in CA-G.R. SP No. 65479 are hereby REVERSED and SET ASIDE. Likewise, the April 30, 2001 Order of the Makati City RTC, Branch 57, and the clarificatory Orders of February 14, 2002 and June 13, 2002, are REVERSED and SET ASIDE. Let the trial court resolve with dispatch Civil Case No. 01-112. No pronouncement as to costs.

SO ORDERED.

Sandoval-Gutierrez[*], Carpio, Carpio-Morales, and Tinga, JJ., concur.

* As per November 26, 2007 raffle.

[1] Rollo, pp. 146-147.

[2] Id. at 67-70.

[3] Id. at 76.

[4] Id. at 71-75.

[5] Id. at 77.

[6] Id. at 83.

[7] Id. at 84-86.

[8] Id. at 88-94.

[9] Id. at 103-104.

[10] Id. at 105.

[11] Id. at 113.

[12] Id. at 129-143.

[13] Id. at 406-408.

[14] Id. at 55-62. Penned by Associate Justice Bienvenido L. Reyes and concurred in by Presiding Justice Ma. Alicia Austria-Martinez (now a member of this Court) and Associate Justice Roberto A. Barrios.

[15] Id. at 456-459.

[16] Id. at 494.

[17] Id. at 460-463.

[18] Id. at 495.

[19] Id. at 520-522.

[20] Id. at 523-526.

[21] Id. at 527-528.

[22] Id. at 37.

[23] Id. at 656-659.

[24] Id. at 652.

[25] Id. at 654-655.

[26] Id. at 646-651.

[27] Id. at 678.

[28] Id. at 680-681.

[29] Dated November 13, 2006, Annex “B” of the November 28, 2006 Manifestation and Motion of the PLRA in an additional folder to the rollo.

[30] Rollo, p. 40.

[31] No. L-28602, September 29, 1970, 35 SCRA 102, 107.

[32] G.R. No. 141849, February 13, 2007.

[33] Id.; citing *Searth Commodities Corporation v. Court of Appeals*, G.R. No. 64220, March 31, 1992, 207 SCRA 622; *Government Service Insurance System v. Florendo*, G.R. No. 48603, September 29, 1989, 178 SCRA 76; *Detective and Protective Bureau, Inc. v. Cloribel*, G.R. No. L-23428, November 29, 1968, 28 SCRA 255.

[34] Cf. 42 Am Jur 2d, Injunctions, § 13.

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