

MAUNLAD HOMES, INC., N.C. PULUMBARIT, INC., N.C.P. LEASING CORPORATION, AND NEMENCIO C. PULUMBARIT, SR., PETITIONERS, VS. UNION BANK OF THE PHILIPPINES AND JULIE C. GO, RESPONDE...

G.R. No. 179898. November 22, 2010

Ponente: NACHURA, J.

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NACHURA, J.:

Under consideration is respondents' motion for reconsideration dated February 12, 2009 of the Decision[1] of this Court dated December 23, 2008, reversing the Decision[2] of the Court of Appeals (CA), and reinstating the Order³ dated June 22, 2004 of the Regional Trial Court (RTC), granting the prayer for the issuance of the writ of preliminary injunction pending the final determination of the main case for injunction.

We restate the facts of the case, as follows:

The case involved several parcels of land forming the commercial complex known as Maunlad Malls 1 and 2, located in Malolos, Bulacan. Petitioners previously owned the properties. However, the same were mortgaged, and the mortgage was eventually foreclosed by respondents.[4]

On July 5, 2002, before consolidation of ownership, the parties entered into a contract to sell, essentially a buy-back agreement, where the purchase price was to be paid by petitioners on installment. By virtue of the contract to sell, petitioners remained in possession and management of the commercial complex.[5]

In February 2004, respondents began interfering with the business operations of the commercial complex, based on the allegation that petitioners were not paying the installments due under the contract to sell. Respondents convinced the tenants of the commercial complex to pay the rentals directly to them, rather than to petitioners.[6]

On March 14, 2004, petitioners filed with the RTC of Malolos, Bulacan, a complaint for injunction with prayer for temporary restraining order (TRO) and preliminary injunction, entitled "Maunlad Homes, Inc., N.C. Pulumbarit, Inc., NCP Leasing Corporation, and Nemencio C. Pulumbarit, Sr. v. Union Bank of the Philippines, Julie C. Go and Any and All Persons Claiming Rights Under/Thru Them, and John Does." The case was docketed as Civil Case No. 297-M-04. In their complaint, petitioners sought to prevent respondents from collecting the rental payments directly from the tenants of the commercial complex.[7]

On June 22, 2004, the RTC issued an Order[8] granting the application for a writ of preliminary injunction upon petitioners' posting of the bond in the amount of One Hundred Fifty Thousand Pesos (P150,000.00). The fallo of the Order reads:

WHEREFORE, upon posting and approval of the required bond[,] let a writ of preliminary injunction issue enjoining the defendants from committing further acts of preventing [petitioner Maunlad Homes] or [its] authorized representatives from collecting rental payments for the occupancy of Maunlad Shopping Malls 1 and 2 from the tenants thereof; from preventing the tenants from making rental payments directly to [petitioner Maunlad Homes] or authorized representatives; and also to restrain [respondent Union Bank] from collecting

the rental payments from the tenants, under pain of contempt of court if the writ of preliminary injunction is not heeded. In short, [respondent Union Bank is] enjoined from exercising acts of ownership and/or possession over Maunlad Shopping Malls 1 and 2 by virtue of the writ of preliminary injunction. Meanwhile, let further 'hearings on the other pending incidents be set after receipt by this Court of [respondents'] opposition to [petitioner Maunlad Homes'] motion to cite [respondents] in contempt of court, and of [petitioner Maunlad Homes'] reply thereto, as previously ordered.

SO ORDERED.[9]

The trial court ruled that petitioner Maunlad Homes, Inc. (Maunlad Homes) was able to show the existence of its right to be protected during the pendency of the principal action. The pertinent portions of the Order read:

Clearly, at this stage, [petitioner] Maunlad Homes, Inc. having been in possession of Maunlad Malls 1 and 2 since the inception, it has the right to remain in continuous possession subject to the final outcome of the ejectment suit pending before, the MTC of Makati. On the other hand, [respondent] Union Bank cannot validly claim, even admitting the circumstances offered by it in evidence to be true and correct, because in this jurisdiction no one has the right to obtain possession of a piece of property without resorting to judicial remedies available under the circumstances. To sanction [respondent] Union Bank's claimed ownership and possession of the premises in question, at this time, vis-a-vis its exercise of the rights appurtenant thereto would be to permit it to contradict itself for, as already pointed out, it has already instituted an action for ejectment against Maunlad Homes, Inc. Good faith demands that [respondent] Union Bank must wait for the final determination of the ejectment suit; it cannot take the law into its own hands by interfering with or preventing [petitioner] Maunlad Homes, Inc. from exercising rights of possession over Malls 1 and 2 and cannot continue to prevent it from collecting rentals owing from the present occupants of the stalls/units therein.[10]

On July 9, 2004, respondents filed a Very Urgent Motion to Dissolve Injunction and in the Alternative; to Post Counter-bond.[11] Respondents assailed the June 22, 2004 Order and the July 6, 2004 Order, which increased the injunction bond from P150,000.00 to One Million Five Hundred Thousand Pesos (P1,500,000.00). Respondents averred that Union Bank, being the lawful and registered owner of the Maunlad Malls, was deprived of its right to collect and enjoy the fruits of its property, consisting of the rental payments of the tenants of the malls. They further alleged that the increase of the injunction. bond was still grossly insufficient when compared to the monthly rental payments being collected from the tenants of the malls.[12]

On July 12, 2004, petitioners filed their Opposition[13] to respondents' motion, alleging that evidence showed that before, during, and after the signing of the contract to sell, they were in possession of the properties and were collecting rental payments from the tenants by virtue of the subsisting lease agreements between them. They claimed that respondents interfered with petitioners' exercise of their rights of possession over the malls and of collection of the rental payments.[14]

On July 20, 2004, the RTC issued an Order[15] denying respondents' motion. The RTC ratiocinated that the sole objective of a preliminary injunction was to maintain the status quo until the merits of the case could be heard. Status quo is defined as the last actual, peaceful, and uncontested situation that precedes a controversy, and its preservation is the office of the injunctive writ. In the case at bar, the status quo was the situation of the parties at the time of the filing of the complaint with the RTC. At that time, petitioner Maunlad Homes already had a preexisting relationship with the tenants of the commercial complex by virtue of their lease agreements. Thus, the grant of the writ of preliminary injunction by the trial court was designed to preserve the status quo. The trial court further opined that the filing of the counter-bond did not necessarily warrant the dissolution of the writ of preliminary injunction; the court had discretion in weighing the relative damages that might be suffered by the parties. The evidence presented in this case showed that petitioners stood to suffer irreparable damage, unless

respondents were restrained from/committing the acts complained of.[16]

Respondents filed a motion for reconsideration, alleging that, when the case was filed on May 14, 2004, the lease agreements between petitioners and the tenants were no longer existing, considering that the lease contracts expired on September 30, 2003, and that, now, respondents had existing lease contracts with the tenants.

Petitioners, on the other hand, filed a partial motion for reconsideration. They countered respondents' assertion, contending that, after the expiration of the lease agreements between petitioners and the tenants in September 2003, the lease agreements continued as an implied new lease under Article 1670[17] of the Civil Code. Petitioners were the lawful possessor and lessor of the subject properties, duly acknowledged by the tenants. Thus, they were the rightful party to collect the rentals from the tenants. They also alleged that, since the lease agreements executed between petitioners and the tenants were bilateral contracts, the rescission thereof could not be done unilaterally.[18]

On September 6, 2004, the RTC issued an Order[19] denying the motions of both parties. The trial court ruled that, based on its findings of fact, petitioner Maunlad Homes, being the lawful possessor and lessor of the subject properties, had the right to collect rentals from the tenants. The lease agreements between them legally subsist, being bilateral in nature and not having been validly rescinded, and deemed impliedly renewed under the law.[20]

Aggrieved, respondents filed a petition for certiorari with prayer for the issuance of a TRO and/or writ of preliminary injunction before the CA. On April 28, 2005, the CA issued a Resolution[21] granting the prayer for a TRO, enjoining petitioners from enforcing the preliminary injunction issued by the RTC. On June 30, 2005, the CA issued a Resolution[22] allowing the issuance of a writ of preliminary injunction, enjoining petitioners from enforcing the writ of preliminary injunction issued by the RTC upon respondents' posting of a bond in the amount of Two Million Pesos (P2,000,000.00). On September 21, 2007, the CA rendered a Decision,[23] the fallo of which reads:

WHEREFORE, the instant petition is GRANTED. The assailed orders dated July 20, 2004 and the September 6, 2004 as well as the order dated June 22, 2004 and the writ of preliminary injunction issued by the RTC of Malolos, Bulacan, Branch 16, in Civil Case No. 297-M-04, are REVERSED and SET ASIDE for lack of factual and legal basis.

SO ORDERED.[24]

The CA reasoned that petitioners' invocation of the contract to sell, which they previously entered with respondent Union Bank and upon which they justify their right to possess and collect rental payments, was insufficient basis for the issuance of a preliminary injunction in their favor. Petitioners must show their clear and unmistakable right to sustain their claim that they would suffer irreparable injury if injunctive relief is not granted in their favor.[25]

Petitioners elevated the case to this Court via a petition for review on certiorari under Rule 45 of the Rules of Court. The sole issue raised before this Court is whether the CA correctly reversed the RTC Order granting the preliminary injunction.[26] On December 23, 2008, the Court rendered a Decision, 7 the dispositive portion of which reads:

WHEREFORE, the petition is GRANTED. The Court of Appeals Decision is REVERSED AND SET ASIDE. The Regional Trial Court order and writ of preliminary injunction are REINSTATED.

SO ORDERED.[28]

Hence, the instant motion for reconsideration.

We resolve to deny the motion.

No new arguments were raised by respondents that would warrant the reversal of the assailed Decision. The motion for reconsideration is merely a rehash of the arguments they previously raised, which were sufficiently discussed in the said Decision.

A preliminary injunction is an order granted at any stage of an action or proceeding prior to the judgment or final order, requiring a party, a court, an agency, or a person to refrain from a particular act or acts. It may also require the performance of a particular act or acts, in which case, it shall be known as a preliminary mandatory injunction.[29] A preliminary injunction is granted at any stage of an action or a proceeding prior to the judgment or final order. It persists until it is dissolved or until the termination of the action, without the court issuing a final injunction.[30]

The sole object of a preliminary injunction as a provisional remedy is the preservation of the status quo until the merits of the case can be heard.[31] Status quo is defined as the last actual, peaceful, and uncontested status that precedes the actual controversy, that which exists at the time of the filing of the case.[32]

Under contention is the preliminary injunction issued by the RTC, enjoining respondents from committing further acts to prevent petitioners or their authorized representatives from collecting rental payments for the occupancy of Maunlad Malls 1 and 2 from the tenants thereof. It was merely an interlocutory order that was issued prior to the final determination of the case for injunction before the RTC. It is undisputed that petitioners were actually in possession of the malls prior to the filing of Civil Case No. 297-M-04 before the RTC. There is also no dispute that petitioners were collecting rental payments from the tenants of the malls prior to the invasion by respondents. As such, the status quo that should be preserved is that which favors petitioners.

Ownership of the property is not in issue; respondents are the owners. However, this does not automatically vest in respondents the right to collect rentals, especially because there is a contract to sell, validly entered into by the parties which stipulate that petitioners have the right to collect rental payments from the tenants. Respondents have no right to simply enter the properties and collect the rental payments from the tenants. They cannot take the law into their own hands. There is a proper judicial recourse for the redress of their grievances. They may opt for the rescission of the contract to sell, or file the appropriate action for recovery of possession.

The grant or denial of a writ of a preliminary injunction in a pending case rests on the sound discretion of the court taking cognizance of the case, since the assessment and evaluation of evidence toward that end involve findings of fact left to the said court for its conclusive determination. Thus, the exercise of judicial discretion by a court in injunctive matters must not be interfered with, except when there is grave abuse of discretion.[33]

The findings and conclusions of the trial court on the propriety of the issuance of injunctive writs are premised solely on initial evidence, and should be considered merely as provisional.[34] The contending rights and obligations of the parties based on the contract to sell or buy-back agreement will still have to be determined with finality by the trial court. The issue of whether there was delay in the payments under the contract to sell and whether the contract to sell is still subsisting must be determined first by the RTC. It is only proper that all the incidents in the main case be resolved in the trial court for a just determination of all the factual matters.

WHEREFORE, in view of the foregoing, the instant motion for reconsideration is hereby DENIED for lack of merit.

SO ORDERED.

Velasco, Jr.,[*] Leonardo-De Castro,[**] Villarama, Jr., and Mendoza, JJ., concur.

[*] Additional member in lieu of Associate Justice Ma. Alicia Austria-Martinez (ret.) per Raffle dated May 27, 2009.

[**] Additional member in lieu of Associate Justice Ruben T. Reyes (ret.) per Raffle dated March 4, 2009.

[1] Penned by Associate Justice Ruben T. Reyes (ret.), with Associate Justices Consuelo Ynares-Santiago (ret.), Ma. Alicia Austria-Martinez (ret.), Minita V. Chico-Nazario (ret.), and Antonio Eduardo B. Nachura, concurring; rollo, pp. 210-220.

[2] Penned by Associate Justice Hakim S. Abdulwahid, with Associate Justices Fernanda Lampas Peralta and Lucenito N. Tagle, concurring; id. at 101-111 (wrong pagination).

[3] Penned by Presiding Judge Thelma R. Piñero-Cruz of the RTC of Malolos, Bulacan, Branch 16; id. at 61-63.

[4] Id. at 210-211.

[5] Id. at 211.

[6] Id.

[7] Id.

[8] Supra note 3.

[9] Id. at 63.

[10] Id. at 62-63; In a separate proceeding, Union Bank of the Philippines filed an action for ejectment with prayer for fixation of rentals against Maunlad Homes, Inc. and other persons or entities claiming rights under them before the Metropolitan Trial Court of Makati City. The case was docketed as Civil Case No. 84218. On May 18, 2005, the trial court rendered a decision dismissing the complaint for ejectment without prejudice to the filing of the appropriate action with the proper forum. The trial court ruled that since the ownership over the subject properties is in dispute, the parties should present their claim before the Regional Trial Court in an action publiciana or an action reivindicatoria, and not before the Metropolitan Trial Court in a summary proceeding for unlawful detainer or forcible entry. (Penned by Presiding Judge Dina Pestano Teves; rollo, pp. 130-133).

[11] Rollo, pp. 64-70.

[12] Id. at 79.

[13] Id. at 71-78.

[14] Id. 19

[15] Id. at 79-81.

[16] Id. at 80-81.

[17] Article 1670. If at the end of the contract the lessee should continue enjoying the thing leased for fifteen days with the acquiescence of the lessor, and unless a notice to the contrary by either party has previously been given, it is understood that there is an implied new lease, not for the period of the original contract, but for the time established in Articles 1682 and 1687. The other terms of the original contract shall be revived.

[18] Rollo, pp. 82-83.

[19] Id.

[20] Id. at 83.

[21] Penned by Associate Justice Elvi John S. Asuncion, with Associate Justices Hakim S. Abdulwahid and Estela M. Perlas-Bernabe, concurring; id. at 85-86.

[22] Permed by Associate Justice Elvi John S. Asuncion, with Associate Justices Hakim S. Abdulwahid and Lucenito N. Tagle, concurring; id. at 88-99.

[23] Supra note 2.

[24] Id. at 110-111 (wrong pagination).

[25] Id. at 109-110.

[26] Rollo, p. 215.

[27] Supra note 1.

[28] Id. at 218-219.

[29] RULES OF COURT, Rule 58, Sec. 1.

[30] Bacolod City Water District v. Hon. Labayen, 487 Phil. 335, 347 (2004).

[31] Id.

[32] Cortez-Estrada v. Heirs of Domingo Samut, 491 Phil. 458 472 (2005); United Coconut Planters Bank v. United Alloy Phils. Corp., 490 Phil. 353, 363 (2005).

[33] Spouses Estares v. Court of Appeals, 498 Phils 640, 655 (2005); Cortez-Estrada v. Heirs of Domingo Samut/Antonia Samut, supra note 32, at 474.

[34] Almeida v. Court of Appeals, 489 Phil. 648-662 (2005).

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