

JULIE'S FRANCHISE CORPORATION, ROBERTO R. GANDIONCO, JOSE ENRICO R. GANDIONCO, CORNELIO R. GANDIONCO, JOSEPH R. GANDIONCO, PATRICIA CARLA G. UY, VIRGILIO G. ESPELETA, EMMANUEL E...

G.R. No. 180988. August 28, 2009

Ponente: CARPIO, J.

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CARPIO, J.:

The Case

This is a petition for certiorari under Rule 65 of the Rules of Civil Procedure, seeking to annul the Joint Resolution dated 19 July 2007 of respondent Presiding Judge Chandler O. Ruiz (Judge Ruiz) of the Regional Trial Court, Branch 10, Dipolog City (trial court), which denied the motion to dismiss and motion for summary judgment of petitioner Julie's Franchise Corporation (petitioner corporation), and also denied petitioner corporation's application for preliminary injunction in Civil Case No. 6108. Petitioners allege that the Joint Resolution, which further ordered the issuance of the assailed Writ of Preliminary Injunction, was issued without or in excess of jurisdiction or with grave abuse of discretion amounting to lack or excess of jurisdiction.

The petition also seeks to reverse Judge Ruiz's Resolution dated 8 October 2007 which denied petitioner corporation's motion to lift the injunction and the Resolution dated 16 November 2007 denying petitioner corporation's motion for reconsideration.

Furthermore, the petition seeks to restrain respondent Presiding Judge Yolinda C. Bautista (Judge Bautista) of the Regional Trial Court, Branch 9, Dipolog City, from taking cognizance of the indirect contempt proceedings in Civil Case No. 6320, filed by private respondent Richard Emmanuel G. Dancel (respondent Dancel) against petitioners.

The Facts

On 28 July 1999, respondent Dancel, as franchisee, entered into two franchise agreements with petitioner corporation, as franchiser, over the two bakeshop outlets located in Rizal Avenue, Dipolog City and Sindangan, Zamboanga Del Norte. On 8 March 2000, respondent Dancel entered into a third franchise agreement with petitioner corporation over the bakeshop located on Balintawak Street, Dipolog City. In 2003, respondent Dancel decided to renew the franchise agreements for the three Julie's bakeshops. Three months before the expiration of the franchise agreements, petitioner corporation evaluated the performance of the three Julie's bakeshops and the results were favorable. In 2004, respondent Dancel paid the renewal fees for the next five years of the franchise agreements covering the three Julie's bakeshops. However, when respondent Dancel and his business partner Jose Rodion Uy dissolved their business partnership, petitioner corporation informed respondent Dancel that it was terminating the three franchise agreements and that the extended term of the franchises would expire on 30 June 2005. Uy is the son-in-law of Rodrigo M. Gandionco, Sr., who was the original owner of the trade name and

business style "Julie's Bakeshop." [1]

On 22 June 2005, respondent Dancel filed against petitioner corporation a complaint for Specific Performance with prayer for the issuance of a Writ of Preliminary Injunction or Temporary Restraining Order before the trial court, docketed as Civil Case No. 6108. The trial court denied respondent Dancel's application for the issuance of a Writ of Preliminary Injunction or Temporary Restraining Order for lack of jurisdiction. When the trial court denied his motion for reconsideration, respondent Dancel filed a petition for certiorari with the Court of Appeals which was docketed as CA-G.R. SP No. 00740. In January 2006, the Court of Appeals resolved to grant the Temporary Restraining Order, effective for 60 days from notice, restraining or enjoining petitioner corporation from terminating the franchise agreements. On 14 August 2006, the Court of Appeals rendered a decision, [2] the dispositive portion of which reads:

WHEREFORE, premises considered, the petition is GRANTED. The Order dated 15 August 2005 of the public respondent is set aside and annulled. The Presiding Judge of Branch 10, Regional Trial Court of Dipolog City, is hereby directed to issue the writ of preliminary injunction with dispatch conditioned upon the requirements of law until she shall have resolved the case on the merits.

SO ORDERED. [3]

The Court of Appeals held that the trial court has jurisdiction to issue the Writ of Preliminary Injunction. The Court of Appeals noted that the three franchise agreements being terminated by petitioner corporation pertained to the bakeshop outlets located in Dipolog City and Zamboanga Del Norte, which are within the jurisdiction of the trial court. Thus, petitioner corporation's acts which were sought to be refrained were being done within the jurisdiction of the trial court, which has the power and authority to issue the injunction. This is in accordance with the rule that the jurisdiction or authority of courts to control or restrain acts by means of a writ of injunction is limited to acts which are being committed or about to be committed within the territorial boundaries of their respective provinces and cities. The Court of Appeals ruled that although the decision of petitioner corporation to pre-terminate the renewed five-year contract may have been made in Cebu City, where petitioner corporation's main office is located, the implementation of said decision and its effects would take place in Dipolog City and Zamboanga Del Norte where the trial court sits. Thus, the Court of Appeals held that the trial court gravely abused its discretion when it denied respondent Dancel's prayer for the issuance of a Temporary Restraining Order or Writ of Preliminary Injunction. The Court of Appeals found that the complaint alleged reasonable grounds to support the prayer for the issuance of a Temporary Restraining Order or Writ of Preliminary Injunction and that the trial court's denial of the application based merely on its alleged lack of jurisdiction was erroneous.

Petitioner corporation filed a motion for reconsideration, which the Court of Appeals denied, holding that the right of respondent Dancel to the writ is clear considering that petitioner corporation has demanded and received from respondent Dancel the franchise fees for the three bakeshops for the entire five-year period starting 2004 until 2009. [4]

Petitioner corporation then filed with this Court a petition for review on certiorari. In a Resolution dated 12 February 2007, this Court denied the petition for late filing since the petition was filed beyond the reglementary period of 15 days. [5] Petitioner corporation twice moved for reconsideration, which this Court denied.

On 27 March 2007, respondent Dancel filed with the trial court a Motion for the Issuance of a Writ of Preliminary Injunction. In a Joint Resolution [6] dated 19 July 2007, the trial court resolved to issue a Writ of Preliminary Injunction in accordance with the Court of Appeals' Decision [7] dated 14 August 2006 in CA-G.R. SP No. 00740, which has become final and executory. On 23 July 2007, the trial court issued a Writ of Preliminary Mandatory and Prohibitory Injunction, [8] in which petitioner corporation, its agents, employees and all persons acting for and

in its behalf were directed:

- To refrain from terminating the three (3) franchise agreements it executed with the plaintiff [Richard Emmanuel Dancel];
- To deliver to the three (3) bakeshops operated by the plaintiff all supplies, materials, and ingredients necessary for the incessant and unhampered operation of the bakeshops; and
- To allow the plaintiff to use the trade name "Julie's Bakeshop," all signages, packaging materials, and other paraphernalia connected therewith and to advertise himself as a franchisee of JFC [Julie's Franchise Corporation].[9]

Petitioner corporation filed a motion for reconsideration on 7 August 2007. While the motion was still pending, petitioner corporation also filed with the trial court a Motion to Dissolve or Lift the Preliminary Injunction on 11 September 2007. On 20 September 2007, petitioner corporation filed an Amended Motion to Dissolve or Lift the Preliminary Injunction. The trial court denied the amended motion in its Resolution dated 8 October 2007. On 5 November 2007, petitioner corporation filed a motion for reconsideration of the Resolution dated 8 October 2007. On 11 November 2007, petitioner corporation also filed a Very Urgent Motion for Inhibition and for Suspension of Proceedings. In a Resolution dated 16 November 2007, the trial court denied the motion for reconsideration and the motion for inhibition and suspension of proceedings.

Meanwhile, on 14 November 2007, petitioners received summons regarding the indirect contempt charges filed against them by respondent Dancel in the Regional Trial Court, Branch 9, Dipolog City.

On 28 December 2007, petitioners filed this petition for certiorari.

The Issues

Petitioners raise the following issues:

- WHETHER THE HONORABLE JUDGE RUIZ ACTED WITHOUT JURISDICTION IN ISSUING THE ASSAILED WRIT OF PRELIMINARY INJUNCTION TO ENJOIN ACTS COMMITTED OR ABOUT TO BE COMMITTED OUTSIDE THE TRIAL COURT'S TERRITORIAL BOUNDARIES;
 - WHETHER THE RESPONDENT JUDGE RUIZ COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OF JURISDICTION IN EXTENDING THE EXPIRED FRANCHISE CONTRACTS BY GRANTING THE PRELIMINARY INJUNCTION;
 - WHETHER THE RESPONDENT JUDGE RUIZ COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OF JURISDICTION IN GRANTING THE PRELIMINARY INJUNCTION DESPITE THE FACT THAT IT WOULD CONSTITUTE PREJUDGMENT OF THE CASE;
 - WHETHER THE RESPONDENT JUDGE RUIZ COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OF JURISDICTION IN NOT VOLUNTARILY INHIBITING AS A RESULT OF PREJUDGMENT OF THE CASE;
 - WHETHER THE RESPONDENT JUDGE RUIZ COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OF JURISDICTION IN NOT DISMISSING THE CASE ON SUMMARY JUDGMENT BASED ON JUDICIAL ADMISSIONS AND FOR LACK OF CAUSE OF ACTION;
- WHETHER THE RESPONDENT JUDGE RUIZ COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OF JURISDICTION IN GRANTING THE PRELIMINARY INJUNCTION DESPITE THE ABSENCE OF A RIGHT IN ESSE;

- WHETHER THE RESPONDENT JUDGE RUIZ COMMITTED GRAVE ABUSE OF DISCRETION IN NOT GRANTING A PRELIMINARY INJUNCTION IN FAVOR OF JFC TO PROTECT ITS INTELLECTUAL PROPERTY RIGHTS AS A REGISTERED COMPANY WITH THE INTELLECTUAL PROPERTY OFFICE;

WHETHER THE INDIRECT CONTEMPT CHARGE CAN BE ENJOINED; AND

- WHETHER PETITIONERS ARE ENTITLED TO A RESTRAINING ORDER AND/OR WRIT OF PRELIMINARY INJUNCTION ENJOINING THE TWO DIPOLOG CITY COURTS FROM ENFORCING THE ASSAILED WRIT OF PRELIMINARY INJUNCTION DURING THE PENDENCY OF THIS PETITION.[10]

The Ruling of the Court

We find the petition without merit.

The special civil action for certiorari under Rule 65 is intended to correct errors of jurisdiction or grave abuse of discretion amounting to lack or excess of jurisdiction.[11] The writ of certiorari is directed against a tribunal, board or officer exercising judicial or quasi-judicial functions that acted without or in excess of its or his jurisdiction or with grave abuse of discretion. Grave abuse of discretion means such capricious or whimsical exercise of judgment which is equivalent to lack of jurisdiction.[12] To justify the issuance of the writ of certiorari, the abuse of discretion must be grave, as when the power is exercised in an arbitrary or despotic manner by reason of passion or personal hostility, and it must be so patent and gross as to amount to an evasion of a positive duty or to a virtual refusal to perform the duty enjoined, or to act at all, in contemplation of law, as to be equivalent to having acted without jurisdiction.[13]

The first, second, third, and sixth issues raised by petitioners question the issuance of the Writ of Preliminary Injunction. We find no grave abuse of discretion amounting to lack or excess of jurisdiction on the part of the trial court, which merely issued the questioned Writ of Preliminary Injunction in accordance with the decision of the Court of Appeals which has already attained finality. The propriety of the issuance of the Writ of Preliminary Injunction was already ruled upon by the Court of Appeals in its Decision dated 14 August 2006 in CA-G.R. SP No. 00740. Such decision has become final and executory after petitioner corporation's appeal to this Court was denied for being filed beyond the reglementary period.

Except to correct clerical errors,[14] a judgment which has acquired finality can no longer be modified in any respect even if the modification is meant to correct a perceived erroneous conclusion of fact or law.[15] There would be no end to litigation if parties are allowed to relitigate issues which were already resolved with finality.

As regards the fifth[16] and seventh[17] issues, although petitioners allege grave abuse of discretion, such issues involve errors of judgment which are not reviewable in a certiorari proceeding. In the fifth issue, petitioners claim that the case can be dismissed on summary judgment for lack of cause of action while in the seventh issue, they assert that the trial court should have granted a preliminary injunction in favor of petitioner corporation to protect its intellectual property rights. The Court notes that the arguments raised by petitioners are not errors involving jurisdiction but one of judgment, which is beyond the ambit of a certiorari proceeding. A certiorari proceeding is an extraordinary remedy designed for the correction of errors of jurisdiction and not errors of judgment.[18] As such, a petition for certiorari must aver only jurisdictional matters or raise questions of jurisdiction. Thus, if the facts alleged do not raise any genuine jurisdictional issue, the petition for certiorari would be devoid of merit.[19] As held in *People v. Court of Appeals*: [20]

In a petition for certiorari, the jurisdiction of the court is narrow in scope. It is limited to resolving only errors of jurisdiction. It is not to stray at will and resolve questions or issues beyond its competence such as errors of

judgment. Errors of judgment of the trial court are to be resolved by the appellate court in the appeal by and of error or via a petition for review on certiorari in this Court under Rule 45 of the Rules of Court. Certiorari will issue only to correct errors of jurisdiction. It is not a remedy to correct errors of judgment. An error of judgment is one in which the court may commit in the exercise of its jurisdiction, and which error is reversible only by an appeal. Error of jurisdiction is one where the act complained of was issued by the court without or in excess of jurisdiction and which error is correctible only by the extraordinary writ of certiorari. Certiorari will not be issued to cure errors by the trial court in its appreciation of the evidence of the parties, and its conclusions anchored on the said findings and its conclusions of law. As long as the court acts within its jurisdiction, any alleged errors committed in the exercise of its discretion will amount to nothing more than mere errors of judgment, correctible by an appeal or a petition for review under Rule 45 of the Rules of Court.[21]

The eighth issue[22] raised by petitioners involves a separate case of indirect contempt filed in another branch - Regional Trial Court of Dipolog City, Branch 9. Petitioners allege that respondent Judge Bautista of the Regional Trial Court of Dipolog City, Branch 9, should desist from taking cognizance of the indirect contempt charge. It is not proper to include in this petition for certiorari an issue involving a separate case from a different branch of the trial court. Hence, we will refrain from resolving issue number 8, which should have been the subject of a separate petition for prohibition[23] and not certiorari.

WHEREFORE, we DISMISS the petition.

SO ORDERED.

Puno, C.J., (Chairperson), Corona, Leonardo-De Castro, and Bersamin, JJ., concur.

[1] Rollo , pp. 291-299. Summary of facts as stated in the Court of Appeals Decision dated 14 August 2006, pp. 2-11.

[2] Id. at 290-305.

[3] Id. at 304.

[4] Id. at 307-309.

[5] Id. at 310-311.

[6] Id. at 88-100.

[7] Penned by Associate Justice Teresita Dy-Liacco Flores with Associate Justices Rodrigo F. Lim, Jr. and Sixto C. Marella, Jr., concurring.

[8] Rollo, pp. 102-106.

[9] Id. at 106.

[10] Id. at 42-44.

[11] *People v. Romualdez*, G.R. No. 166510, 23 July 2008, 559 SCRA 492; *People v. Terrado*, G.R. No. 148226, 14 July 2008, 558 SCRA 84.

[12] *Feliciano v. Villasin*, G.R. No. 174929, 27 June 2008, 556 SCRA 348; *Uy v. Office of the Ombudsman*, G.R. Nos. 156399-400, 27 June 2008, 556 SCRA 73.

[13] *Vergara v. Ombudsman*, G.R. No. 174567, 12 March 2009; *Nationwide Security and Allied Services, Inc. v.*

Court of Appeals, G.R. No. 155844, 14 July 2008, 558 SCRA 148.

[14] Tamayo v. People, G.R. No. 174698, 28 July 2008, 560 SCRA 312; Gutierrez v. Valiente, G.R. No. 166802, 4 July 2008, 557 SCRA 211.

[15] Garcia v. Philippine Airlines, G.R. No. 162868, 14 July 2008, 558 SCRA 171.

[16] WHETHER THE RESPONDENT JUDGE RUIZ COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OF JURISDICTION IN NOT DISMISSING THE CASE ON SUMMARY JUDGMENT BASED ON JUDICIAL ADMISSIONS AND FOR LACK OF CAUSE OF ACTION.

[17] WHETHER THE RESPONDENT JUDGE RUIZ COMMITTED GRAVE ABUSE OF DISCRETION IN NOT GRANTING A PRELIMINARY INJUNCTION IN FAVOR OF JFC TO PROTECT ITS INTELLECTUAL PROPERTY RIGHTS AS A REGISTERED COMPANY WITH THE INTELLECTUAL PROPERTY OFFICE.

[18] Soriano v. Ombudsman, G.R. No. 160772, 13 July 2009; Castro v. People, G.R. No. 180832, 23 July 2008, 559 SCRA 676.

[19] De Baron v. Court of Appeals, 420 Phil. 474 (2001).

[20] G.R. No. 144332, 10 June 2004, 431 SCRA 610.

[21] Id. at 617.

[22] WHETHER THE INDIRECT CONTEMPT CHARGE CAN BE ENJOINED.

[23] Under Section 2, Rule 65 of the Rules of Civil Procedure, a petition for prohibition which seeks that a tribunal desist from further proceedings in an action is proper when the proceedings of a tribunal are without or in excess of its jurisdiction, or with grave abuse of discretion amounting to lack or excess of its jurisdiction, and there is no appeal or any other plain, speedy, and adequate remedy in the ordinary course of law.

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