

JOY MART CONSOLIDATED CORPORATION, PETITIONERS, VS. HON. COURT OF APPEALS, PHOENIX OMEGA DEVELOPMENT AND MANAGEMENT CORPORATION AND LIGHT RAIL TRANSIT AUTHORITY, RESPONDENTS.

G.R. No. 88705. June 11, 1992

Ponente: GRINO-AQUINO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-88705/>

GRINO-AQUINO, J.:

Does a trial court possess jurisdiction to dissolve a writ of preliminary injunction which is pending review on certiorari in the Court of Appeals?

In 1978-79, the government planned the Light Rail Transit (LRT) system to service the transportation requirements of the commuting public from Baclaran to Balintawak Monument and vice versa. The property of Joy Mart at Carriedo Street, Sta. Cruz, Manila, where the Isetann Department Store is located, and three (3) other adjoining parcels of land (with a total area of 1,611 sq.m., on which stands the Presidente Hotel leased by Joy Mart) was among the properties that would be needed for the LRT system and were being considered for expropriation should negotiations for their acquisition fail. As a gesture of cooperation with the government, Joy Mart consented to sell the property and give up its leasehold rights over the adjacent properties, provided, it would be given the first option to redevelop the entire area denominated as the consolidated block of the LRT Carriedo station encompassing Joy Mart's properties.

On September 8, 1982, while negotiations for the purchase of the properties were ongoing between Joy Mart and the Special Committee on Land and Property Acquisition of the Light Rail Transit Authority (LRTA), the latter entered into a contract with the Philippine General Hospital Foundation Inc. which had been granted the right, authority, and license to develop the areas adjacent to the LRT stations and to manage and operate the concessions to be established in Caloocan, Manila, and Pasay, with the right to sublease, assign, and transfer any of its rights and interests therein.

On February 22, 1983, Joy Mart conveyed its property and waived its leasehold rights on the adjacent lots in favor of the government, through the LRTA, under a Deed of Absolute Sale. The Deed provided, among other things, that "upon recommendation of the special panel created by the LRTA Committee on Land and Property Acquisition. LRTA agreed that Joy Mart, the owner of Isetann and lessee of the Presidente Hotel, should be given the first option in the redevelopment of the consolidated block, notwithstanding their compensation for the property."

As partial compliance with the aforesaid first option, the PGH Foundation subleased to Joy Mart the LRT Carriedo station covering the consolidated block for the purpose of constructing a multi-storey building of first class materials.

Subsequently, Joy Mart submitted to LRTA its plans for the construction of the building occupying the

consolidated block. However, LRTA informed Joy Mart that the proposed building should occupy only an area of 1,141.20 square meters as the rest of the areas within the consolidated block would be used by the LRT station and as set-back area or open space for the benefit of the commuting public.

When Joy Mart reminded LRTA of the contract provisions over the consolidated block, the former was assured that, in the event any area in the consolidated block was to be released for redevelopment, the first option of Joy Mart would be respected and implemented.

On August 30, 1984, an Addendum to the Sublease Agreement was executed between Joy Mart and the PGH Foundation increasing the area to be used and occupied by Joy Mart. Aside from the increase of monthly rental and provision for an escalation clause, Joy Mart was made to pay "goodwill" in the sum of P3.0 Million.

Pursuant to its understanding with, and the assurances of LRTA, Joy Mart constructed an eight-storey building with ten levels fully airconditioned in the subject area. Joy Mart had to borrow P50.0 Million for this project. The feasibility study on the viability of this project was conditioned upon Joy Mart serving the business requirements in the LRT Carriedo station and maintaining its first option to redevelop and occupy any available area therein.

On November 28, 1986, LRTA entered into a Commercial Stalls Concession Contract with the Phoenix Omega Development and Management Corporation ("Phoenix" for brevity) awarding to it all the areas and commercial spaces within the three LRT terminals and the fifteen (15) on-line stations.

In the third quarter of 1987, Joy Mart learned of the contract between LRTA and Phoenix when construction activities commenced within the consolidated block of the LRT Carriedo station.

Joy Mart made representations with the LRTA and reiterated its first option to redevelop the subject area, but to no avail.

Joy Mart filed a complaint for specific performance of contract and damages for breach of contract with injunction against the LRTA and Phoenix on August 21, 1987. The case entitled "Joy Mart vs. LRTA and Phoenix," was docketed as Civil Case No. 87-41731 in the Regional Trial Court of Manila, Branch XXXII. Joy Mart asked that LRTA be ordered to award to it, either by sale, or lease the redevelopment of the area known as the consolidated block of the LRT Carriedo station which is part of the area subject of the Deed of Absolute Sale dated February 22, 1983, executed by Joy Mart in favor of the Government or LRTA. Joy Mart also asked the court to issue a writ of preliminary injunction and/or restraining order "commanding the respondents (LRTA and Phoenix) individually and collectively, their officers and employees, to cease and desist from the construction being had in the property adjacent to the leased premises."

On September 25, 1987, the trial court, presided by Judge (now Court of Appeals Justice) Artemon D. Luna, after hearing the parties and considering their respective memorandums in amplification of oral arguments, issued a writ of preliminary injunction "commanding the defendant Phoenix to cease and desist from continuing with the construction going on adjacent to the property on lease to the plaintiff by LRTA, until further orders from this court, upon posting by the plaintiff of a P10,000.00 bond approved by the court, which may answer for any damages that the defendants may sustain by reason of the issuance of this writ" (p. 41, Rollo).

Phoenix sought relief in the Court of Appeals by filing a Petition for Certiorari and Prohibition (CA-G.R. SP No. 12998) praying the appellate court: (1) to require the trial court to immediately lift the writ of injunction and/or to refrain from further carrying out or implementing it; and (2) after due hearing: (a) reverse and set aside the order granting the writ of preliminary injunction; (b) dissolve the writ of injunction dated September 23, 1987; and (c) prohibit the trial judge from taking cognizance of the case and to remand it to Branch IX of the Regional Trial Court of Manila which had first taken cognizance of the case. The petition was docketed as CA-G.R. SP No.

12998 and raffled to the Sixteenth Division of the Court of Appeals which gave due course to the petition but did not issue a restraining order against the trial court.

Meanwhile, in the trial court, the LRTA and Phoenix filed separate answers to Joy Mart's complaint in Civil Case No. 87-41731. The pre-trial of the case was set on November 13, 1987. As Phoenix and Joy Mart were exploring avenues for an amicable settlement, the pre-trial conference was re-set on December 11, 1987, January 14, 1988, and lastly on March 2, 1988 when it was declared terminated.

On May 30, 1988, while their certiorari petition to review the writ of preliminary injunction issued by Judge Luna (CA-G.R. SP No. 12998) was still pending in the Court of Appeals, the LRTA and Phoenix filed in the trial court a joint petition to dissolve the said Writ of Preliminary Injunction, offering to post a counterbond for that purpose. They alleged that the writ of preliminary injunction was causing tremendous losses to LRTA and Phoenix because they have been unable to use the commercial stalls in the consolidated block while Joy Mart could be compensated for any loss it may suffer if the injunction were lifted: "that at a rate of P1,000.00 monthly rental per square meter, the 28 stalls would earn P305,800.00 a month (tsn, idem), that since September 21, 1987 when the injunction was issued up to the present, Phoenix should have earned P2,752,200.00 and suffered as much in damages which it will continue to suffer if the injunction is not lifted" (p. 80. Rollo). They pleaded that they "are as much entitled to the protection of their rights as plaintiff, that if fair play gives the plaintiff a right to prolong the litigation, fairness also demands that defendants be relieved of the thousands of pesos in damages that they suffer for every day of delay in this case occasioned by the imposition of the injunction" (p. 69, Rollo).

Joy Mart opposed the petition to dissolve the injunction. The petition was heard on June 17, 1988 with the parties orally arguing their respective sides of the question.

On July 6, 1988, the trial court dissolved the writ of preliminary injunction on the ground that its continuance would cause great damage to the respondents, while the petitioner's claim for damages, which was yet to be proven, can be fully compensated. Joy Mart filed a motion for reconsideration. LRTA and Phoenix opposed it. The trial court denied Joy Mart's Motion for Reconsideration on August 9, 1988, stating thus:

"The petition for dissolution is based on pertinent portion of Section 6, Rule 58 of the Rules of Court, that the continuance of the injunction would cause great and irreparable damage to defendants while plaintiff can be fully compensated for whatever damages that it may suffer. The evidence adduced during the hearing of the petition for dissolution of the writ showed that the continuance of the writ would cause great damages to defendants and plaintiff's claim for damages, if any and which it has yet to prove can be fully compensated.

The order of dissolution expressed in no uncertain terms that this Court may not be ascribed as having pre-empted the authority and jurisdiction of the Court of Appeals over the certiorari proceedings. The authority of this Court to dissolve the writ is inferable in Section 6, Rule 58, Rules of Court that it may dissolve the writ if it appears during the hearing that although plaintiff is entitled to the injunction, its continuance would cause great damage to the defendants while the plaintiff can be fully compensated for such damages as it may suffer (Cf. *Tiaoqui and Imperial vs. Horilleno*, 63 Phil. 116, 120)." (pp. 70-71, Rollo.)

On August 17, 1988, the Sixteenth Division of the Court of Appeals upon being apprised by Phoenix of the trial court's action, dismissed Phoenix's petition for certiorari (CA-G.R. SP No. 12998) for having become moot and academic.

On September 14, 1989, Joy Mart sought relief in the Court of Appeals from Judge Luna's order lifting the writ of preliminary injunction. In its petition for certiorari with preliminary injunction and restraining order (CA-G.R. SP No. 15618, assigned to the Ninth Division of the Court of Appeals), Joy Mart prayed that:

"x x x a temporary restraining order be forthwith issued commanding the Honorable respondent Court to

refrain from further proceeding in the matter sought to be reviewed x x x; (c) the application for a writ of preliminary injunction be granted restraining respondent Phoenix from continuing its subleasing and construction activities adjacent to the premises leased to petitioner by respondent LRTA until the main case is finally decided; and (d) a judgment be rendered declaring the order of 6 July 1988, as well as the order of 9 August 1988, of the Honorable respondent Court to be null and void, and upholding the order of 21 September 1987 to be valid and binding." (pp. 39-40, Rollo.)

The Court of Appeals, Ninth Division, gave due course to the petition and required the respondents to answer within ten (10) days from notice. The Court temporarily restrained the respondents "from implementing the questioned orders of 6 July 1988 and 9 August 1988, and for private respondent Phoenix to refrain from engaging in subleasing and construction activities in the questioned premises and from implementing the sublease contracts if already signed, or the occupancy of the commercial stalls if already constructed, until further orders from this court" (pp. 17-18, Rollo). It set the hearing of the application for a writ of preliminary injunction on September 29, 1988.

Despite the temporary restraining order which it received on September 19, 1988, Phoenix continued its construction activities and allowed its tenants to occupy the finished stalls. Whereupon Joy Mart filed a motion praying the Court of Appeals to declare Phoenix in contempt of court.

After hearing the application for a writ of preliminary injunction, the opposition and answers of the LRTA and Phoenix, and the memoranda of the parties, the Court of Appeals, Ninth Division, on February 28, 1989, dismissed Joy Mart's petition.

Hence, this petition for review in which Joy Mart alleges that the Court of Appeals erred:

1. in not finding that the trial court lost jurisdiction to act on the motion to dissolve the writ of preliminary injunction, after the said writ had been elevated to the Court of Appeals, Sixteenth Division, for review;
2. in not finding that Phoenix is guilty of forum-shopping; and
3. in not finding Phoenix guilty of contempt of court, and in not issuing a writ of preliminary mandatory injunction.

These assignments of error are reducible to the lone issue of whether the trial court continued to have control of the writ of preliminary injunction even after the same had been raised to the Court of Appeals for review.

The answer is no. After the LRTA and Phoenix had elevated the writ of preliminary injunction to the Court of Appeals for determination of the propriety of its issuance (CA-G.R. SP No. 12998), the trial court (notwithstanding the absence of a temporary restraining order from the appellate court) could not interfere with or preempt the action or decision of the Court of Appeals on the writ of preliminary injunction whose annulment was sought therein by Phoenix and the LRTA.

In petitioning the trial court to lift the writ of preliminary injunction which they themselves had brought up to the Court of Appeals for review, Phoenix and the LRTA engaged in forum-shopping. After the question of whether the writ of preliminary injunction should be annulled or continued had been elevated to the Court of Appeals for determination, the trial court lost jurisdiction or authority to act on the same matter. By seeking from the trial court an order lifting the writ of preliminary injunction, Phoenix and LRTA sought to divest the Court of Appeals of its jurisdiction to review the writ. They improperly tried to moot their own petition in the Court of Appeals – a clear case of trifling with the proceedings in the appellate court or of disrespect for said court.

In *Prudential Bank vs. Castro*, 142 SCRA 223, 231 where the trial judge issued an order changing or correcting his previous order which had been elevated to the Supreme Court for review, the judge's actuation was deemed to

be "disrespectful of this Court."

"(e) Respondent Judge, in his Order of March 13, 1985, gave course to the appeal of Complainant Bank although he had already ruled that the latter had lost the right of appeal. That Order of March 13, 1985 was issued after Complainant Bank had instituted G.R. No. 69907 on February 19, 1985, asking that Respondent Judge be ordered to allow its appeal from the summary judgment. The Order of March 13, 1985 was clearly intended to render G.R. No. 69907 moot and academic. Said Order was disrespectful of this Court. If at all, Respondent Judge should have come to this Court in said G.R. No. 69907, to ask for leave to allow the appeal of Complainant Bank with admission that he had realized that his previous denial of the appeal was erroneous."

The actuation of Judge Luna in Civil Case No. 87--41731 can be categorized as such. It is not excused by the fact that Phoenix and LRTA were presenting evidence of losses and damages in support of their motion to lift the writ of preliminary injunction, for that could as easily have been done by them in the Court of Appeals which possesses "the power to try cases and conduct hearing, receive evidence and perform any and all acts necessary to resolve factual issues raised in cases falling within its original and appellate jurisdiction, including the power to grant and conduct new trials or further proceedings" (Sec. 9, par. [3], 2nd par.. B.P. Blg. 129).

The trial judge played into the hands of Phoenix and the LRTA, and acted with grave abuse of discretion amounting to excess of jurisdiction in granting their motion to dissolve the writ of injunction. Judicial courtesy behooved the trial court to keep its hands off the writ of preliminary injunction and defer to the better judgment of the Court of Appeals the determination of whether the writ should be continued or discontinued.

The non-issuance of a temporary restraining order by the Court of Appeals upon receipt of the petition in CA-G.R. SP No. 12998 simply meant that the trial court could proceed to hear and decide the main complaint of Joy Mart for specific performance of contract and damages against the LRTA and Phoenix. It did not give the lower court a license to interfere with the appellate court's disposition of the writ of preliminary injunction.

By simply "noting" that the trial court's order lifting the writ of preliminary injunction had mooted the case before it, the Court of Appeals displayed regrettable indifference toward the lower court's interference with the exercise of the appellate court's jurisdiction to decide and dispose of the petition for certiorari pending before it. Instead of being jealous of its jurisdiction, the Appellate Court was simply glad to be rid of the case.

The Court of Appeals' reasoning that the trial court did not overlap or encroach upon its (the Court of Appeals') jurisdiction because the trial court "was actually delving into a new matter – the propriety of the continuance of the writ of preliminary injunction in view of developments and circumstances occurring after the issuance of the injunction" (pp. 51-52, Rollo), is unconvincing, for the issue of the impropriety of issuing the writ of preliminary injunction was inseparable from the issue of whether the writ should be maintained or not. By lifting the writ of injunction before the Court of Appeals could rule on whether or not it was properly issued, the trial court in effect preempted the Court of Appeals' jurisdiction and flouted its authority.

The private respondents' application to the trial court for the dissolution of the writ of preliminary injunction that was pending review in the Court of Appeals was a form of forum shopping which this Court views with extreme disapproval. The lower court's proceeding being void for lack of jurisdiction, the writ of preliminary injunction should be reinstated, and the petition to annul the writ (CA-G.R. SP No. 12998) should be dismissed on the ground of forum shopping as provided in Rule No. 17 of the Interim Rules and Guidelines, Rules of Court:

"17. Petitioners for writs of certiorari, etc. – No petition for certiorari, mandamus, prohibition, habeas corpus or quo warranto may be filed in the Intermediate Appellate Court if another similar petition has been filed or is still pending in the Supreme Court. Nor may such petition be filed in the Supreme Court if a similar petition

has been filed or is still pending in the Intermediate Appellate Court, unless it be to review the action taken by the Intermediate Appellate Court on the petition filed with it. A violation of this rule shall constitute contempt of court and shall be a cause for the summary dismissal of both petitions, without prejudice to the taking of appropriate action against the counsel or party concerned."

The dismissal of Phoenix and LRTA's petition in G.R. No. SP 12998 by the Court of Appeals (Sixteenth Division) was correct, but it should be for violation of Rule 17 of the Interim Rules and Guidelines (forum-shopping), not because the petition had become moot and academic.

The dismissal of Joy Mart's petition for certiorari in CA-G.R. SP No. 15618 by the Court of Appeals (Ninth Division) is annulled and set aside for grave abuse of discretion.

WHEREFORE, the petition for review is GRANTED. The Court of Appeals' decision dated February 28, 1989 in CA G.R. SP No. 115618, dismissing Joy Mart's petition for certiorari and upholding the dissolution by the Regional Trial Court of Manila, Branch 32, of the preliminary writ of injunction in Civil Case No. 87--41731, is hereby annulled and set aside and the preliminary writ of injunction issued by the trial court on September 23, 1987 in Civil Case No. 87-41731 is reinstated. However, if in the meantime the construction and occupancy of the private respondents' commercial stalls sought to be stopped by the injunction have been completed, the rentals received by the private respondents after the finality of this decision shall be deposited by them, or the lessees, in the Regional Trial Court to await the final judgment in Civil Case No. 87-41731. Costs against the private respondents.

The Court of Appeals, Ninth Division, is ordered to hear and decide Joy Mart's petition to declare Phoenix in contempt of court for having allegedly defied and disobeyed the Court's temporary restraining order of September 15, 1988 in CA-G.R. SP No. 115618.

SO ORDERED.

Cruz, (Chairman), Medialdea, and Bellosillo, JJ., concur.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.