

FIRST DIVISION

[G.R. No. 196864, July 08, 2015]

**SPOUSES VICTOR P. DULNUAN AND JACQUELINE P. DULNUAN,
PETITIONERS, VS. METROPOLITAN BANK & TRUST COMPANY,
RESPONDENT.**

D E C I S I O N

PEREZ, J.:

This is a Petition for Review on *Certiorari*^[1] filed by petitioners Spouses Victor Dulnuan and Jacqueline Dulnuan (Spouses Dulnuan) seeking to reverse and set aside the 14 January 2011 Decision^[2] of the Court of Appeals and its 29 April 2011 Resolution^[3] in CA-G.R. SP No. 108628. The assailed decision and resolution reversed the 3 December 2008 Order of the Regional Trial Court (RTC) of La Trinidad, Benguet, which, in turn, enjoined the extrajudicial foreclosure sale of a parcel of land covered by Transfer Certificate of Title (TCT) No. T-46390 registered under the name of the Spouses Dulnuan. The dispositive portion of the Court of Appeals Decision reads:

WHEREFORE, the petition is **GRANTED**. The Order dated December 3, 2008 of the Regional Trial Court, Branch 63 of La Trinidad, Benguet in Civil Case No. 08-CV-2470 which granted [the Spouses Dulnuan's] application for writ of preliminary injunction and the RTC's Order dated March 24, 2009, which denied [Metropolitan Bank and Trust Company's] motion for reconsideration, are hereby **REVERSED and SET ASIDE**.^[4]

The Facts

On several occasions, the Spouses Dulnuan obtained loans from Metropolitan Bank and Trust Company (Metrobank), the total of which reached the sum P3,200,000.00, as evidenced by promissory notes executed by them.^[5]

As a security for the loan obligations, the Spouses Dulnuan executed a Real Estate Mortgage (REM) over a parcel of land covered by TCT No. 46390 registered under their names and located at La Trinidad, Benguet with an area of 392 square meters (subject property).^[6]

Subsequently, however, the Spouses Dulnuan incurred default and therefore the loan obligations became due and demandable.

On 22 April 2008, Metrobank filed an application for extra-judicial foreclosure proceedings over the subject property before the RTC of La Trinidad, Benguet. After due notice and publication, the mortgaged property was sold at a public auction

where Metrobank was declared as the highest bidder after tendering the bid of P6,189,000.00, as shown in the Certificate of Sale.^[7]

In order to validly effect the foreclosure, a copy of the said Notice of Public Auction Sale was posted on the bulletin boards of Barangay Betag, Municipal Hall of La Trinidad, Benguet, Provincial Capitol Benguet.^[8] Before the expiration of the one-year redemption period allowed by law, Metrobank filed a Petition for the Issuance of Writ of Possession docketed as LRC Case No. 08-60 which was raffled before Branch 63 of the RTC.^[9]

On 30 September 2008, the Spouses Dulnuan instituted a Complaint seeking the issuance of a temporary restraining order and preliminary and final injunction and, for the annulment of extra-judicial foreclosure and real estate mortgage before the RTC of La Trinidad, Benguet, Branch 10, which case was docketed as Civil Case No. 08-CV-2470. The complaint alleged that the mortgage constituted over the property is null and void because at the time the agreement was entered on 18 October 2000, no contract of loan was yet executed by the parties. It was only on 19 December 2003 that they received the proceeds of the loan, as evidenced by the Promissory Note. In other words, there is no principal obligation upon which the ancillary contract of mortgage was attached to.

Upon motion of the Spouses Dulnuan, Civil Case No. 08-CV-2470 was consolidated before Branch 63 of the RTC wherein the LRC Case No. 08-60 was pending. After summary hearing, the court *a quo* in an Order dated 5 November 2008, issued a Temporary Restraining Order and set the hearing for the issuance of Writ of Preliminary Injunction. Both parties proceeded to adduce evidence for and against the issuance of the writ of preliminary injunction.

Finding an imperative need to protect and preserve the rights of the Spouses Dulnuan during the pendency of the principal action, the RTC issued an Order dated 3 December 2008, enjoining Metrobank from taking possession of the subject property until the final disposition of the annulment of mortgage case. The decretal portion of the Order reads:

WHEREFORE, premises considered, and finding compelling reason at this point in time to grant for the application for preliminary injunction, the same is hereby granted upon posting of preliminary injunction bond in the amount of P200,000.00 duly approved by the court, let the writ of preliminary injunction be issued to take effect *pendente lite*, commanding the [Metrobank] including its agents and representatives, as well as persons acting under its control, supervision, instruction, order or authorization, to desist from entering, occupying, possessing, using, or from performing any act of possession and occupation of the aforescribed property, as well as from causing the cancellation of the existing transfer certificate of title of the [Spouses Dulnuan] and from securing in lieu thereof a transfer certificate of title over the aforescribed property in its favor.^[10]

In an Order dated 24 March 2009, the RTC refused to reconsider its earlier Order.

Arguing that the RTC gravely abused its discretion in enjoining its taking of possession over the subject realties, Metrobank filed a Petition for *Certiorari* before the Court of Appeals.

On 14 January 2011, the Court of Appeals rendered a Decision reversing the questioned Orders and declared that the issuance of the writ of preliminary injunction is unjustified under the circumstances. The appellate court made a pronouncement that as the highest bidder at the auction sale, Metrobank is entitled to occupy the subject property, and, any question regarding the validity of the mortgage or the foreclosure thereof shall not preclude the purchaser from taking possession. The disquisition the Court of Appeals reads:

WHEREFORE, the petition is **GRANTED**. The Order dated December 3, 2008 of the Regional Trial Court, Branch 63 of La Trinidad, Benguet in Civil Case 08-CV-2470 which granted respondents' application for writ of preliminary injunction and the RTC's Order dated March 24, 2009 which denied [Metrobank's] motion for reconsideration are hereby **RESERVED and SET ASIDE.**^[11]

For lack of merit, the Spouses Dulnuan's Motion for Reconsideration was denied by the Court of Appeals in a Resolution dated 29 April 2011.

The Spouses Dulnuan is now before this Court via this instant Petition for Review on *Certiorari* seeking the reversal of the Court of Appeals Decision and Resolution on the following grounds:

I.

THE HONORABLE COURT OF APPEALS COMMITTED GRAVE AND SERIOUS ERROR IN OVERLOOKING THE UNDISPUTED FACT THAT THE PETITION FOR WRIT OF POSSESSION WAS FILED DURING THE REDEMPTION PERIOD AND NO BOND HAD BEEN POSTED BY RESPONDENT TO WARRANT ITS ISSUANCE; AND

II.

THE HONORABLE COURT OF APPEALS COMMITTED A GRAVE AND SERIOUS ERROR IN OVERLOOKING THE FACT THAT CIVIL CASE NO. 08-CV-2470 AND LRC CASE NO. 08-60 WERE CONSOLIDATED.^[12]

The Court's Ruling

The Court is urged to resolve the issue of whether or not the Court of Appeals erred in dissolving the writ of preliminary injunction issued against Metrobank. The writ of preliminary injunction enjoined Metrobank from entering, occupying, possessing, using, or performing any act of possession and occupation over the subject property. Without going into the merits of this case, the Court will confine itself in the determination of the propriety of the preliminary injunction, such being a preservative remedy for the protection of substantive rights or interests, is not a

cause of action in itself but merely a provisional remedy, an adjunct to a main suit.
[13]

A writ of preliminary injunction and a TRO are injunctive reliefs and preservative remedies for the protection of substantive rights and interests. An application for the issuance of a writ of preliminary injunction and/or TRO may be granted upon the filing of a verified application showing facts entitling the applicant to the relief demanded.^[14] The purpose of injunction is to prevent threatened or continuous irreparable injury to some of the parties before their claims can be thoroughly studied and educated. Its sole aim is to preserve the *status quo* until the merits of the case is heard fully.^[15]

The *status quo* is the last actual, peaceable and uncontested situation which precedes a controversy.^[16] The *status quo* should be that existing at the time of the filing of the case. A preliminary injunction should not establish new relations between the parties, but merely maintain or re-establish the pre-existing relationship between them.

Pertinent are the provisions of Section 3, Rule 58 of the Rules of Court, enumerates the grounds for the issuance of a writ of preliminary injunction, to wit:

SEC. 3. *Grounds for issuance of preliminary injunction.* — A preliminary injunction may be granted when it is established:

- (a) That the applicant is entitled to the relief demanded, and the whole or part of such relief consists in restraining the commission or continuance of the act or acts complained of, or in requiring the performance of an act or acts, either for a limited period or perpetually;
- (b) That the commission, continuance or non-performance of the act or acts complained of during the litigation would probably work injustice to the applicant; or
- (c) That a party, court, agency or a person is doing, threatening, or is attempting to do, or is procuring or suffering to be done, some act or acts probably in violation of the rights of the applicant respecting the subject of the action or proceeding, and tending to render the judgment ineffectual.

Thus, to be entitled to the injunctive writ, petitioners must show that (1) there exists a clear and unmistakable right to be protected; (2) this right is directly threatened by an act sought to be enjoined; (3) the invasion of the right is material and substantial; and (4) there is an urgent and paramount necessity for the writ to prevent serious and irreparable damage.^[17]

As such, a writ of preliminary injunction may be issued only upon clear showing of an actual existing right to be protected during the pendency of the principal action. The requisites of a valid injunction are the existence of the right and its actual or threatened violations. Thus, to be entitled to an injunctive writ, the right to be