

SECOND DIVISION

[**G.R. Nos. 139275-76 and 140949, November 25, 2004**]

LIGHT RAIL TRANSIT AUTHORITY, PETITIONER, VS. COURT OF APPEALS AND T.N. LAL & CO., LTD., RESPONDENTS.

DECISION

AUSTRIA-MARTINEZ, J.:

Both filed by petitioner Light Rail Transit Authority (LRTA), *G.R. Nos. 139275-76* assail the Decision dated February 26, 1999, rendered by the Court of Appeals (CA) in the consolidated petitions docketed as CA-G.R. SP Nos. 44220 and 44227;^[1] *G.R. No. 140949*, on the other hand, questions the Decision dated November 12, 1999, issued by the CA in CA-G.R. SP No. 52382.^[2] These cases originated from the orders issued by the Regional Trial Court of Pasay City (Branch 111) in Civil Case No. 97-0423.

The antecedent facts of these consolidated petitions were summed up by the CA in CA-G.R. SP Nos. 44220 and 44227, as follows:

On October 1, 1986, T.N. LAL & CO., LTD. (private respondent herein and hereafter to be referred to as LAL for short) donated a stereo system to the LRTA, to provide music for relaxation and amusement in the 18 stations and all the rail vehicles of LRTA along its Line 1. On March 19, 1990, LAL and the LRTA entered into an agreement whereby LAL was authorized to air commercial advertisements through the aforesaid stereo system for a period of five (5) years and three (3) months from March 19, 1990, in consideration of a fee equivalent to thirty percent (30%) of the gross sales of advertisements (less any agency commission) annually, with minimum annual guaranteed fees. Subsequently, the period of the contract was amended to five (5) years from April 1, 1992, or until March 31, 1997.

On March 31, 1997, LAL filed an action for reformation of contract and damages (with application for preliminary mandatory & prohibitory injunction and Temporary Restraining Order) against LRTA with the Regional Trial Court at Pasay City, and the same was docketed as Civil Case No. 97-0423 and raffled to Branch 111, presided over by the respondent judge.

The complaint alleged that vibrations and noises coming from the light rail vehicles caused disruptions in the sound system, resulting in a sharp decline of advertisements aired over the said system. LAL requested for a moratorium of the agreement until the said problem can be solved, but LRTA refused to grant such request. Hence, the complaint prays that the

contract be reformed by including therein a provision allowing a moratorium in case of disruption affecting the system attributable to mechanical/technical problems in the LRT line or light rail vehicles, including a pro rata extension of the agreement. The complaint also prays for a temporary restraining order and preliminary injunction ordering the defendant to maintain the status quo and prohibiting it or any of its agents from disrupting, cutting, severing or disconnecting the electric power supplied to the plaintiff's sound system.

Upon receipt of the complaint, the respondent Judge issued a Temporary Restraining Order enjoining the parties to maintain the status quo, and restraining the LRTA from disrupting, cutting, severing or disconnecting the electric power supplied to LAL's sound system installed in all the LRT stations and vehicles. The TRO was to expire on April 20, 1997.

On April 16, 1997, after notice and hearing, the respondent judge issued an Order, the dispositive portion of which is as follows:

WHEREFORE, with all the foregoing considerations, and subject to the condition of plaintiff posting a bond in the amount of Five Hundred Thousand Pesos (P500,000.00), Philippine Currency, conditioned to answer for any damage which the defendant may suffer by reason of the injunction herein granted, let therefore, a Writ of Preliminary Injunction be issued in favor of the plaintiff against the defendant who is enjoined from:

(a) Terminating or declaring as terminated the Agreement dated March 19, 1990 as amended on August 6, 1993 and to observe the status quo before March 31, 1997; and,

(b) As a consequence thereof, to desist from removing, disrupting, interfering, disconnecting or tampering the power supply leading to plaintiff's sound system, in all places, sites and locations within the defendant's area of responsibility for the duration of this proceedings, UNLESS THIS ORDER IS EARLIER RECALLED by this Court.

SO ORDERED. (p. 57, Rollo)

On April 22, 1997, LRTA filed a Manifestation alleging that the failure of LAL to post a bond has rendered the Order dated April 16, 1997 ineffective. On the same day, LRTA unplugged the electrical connection of the sound system.

However, on April 25, 1997, LAL filed an injunction bond in the amount of P500,000.00, and the writ of preliminary injunction was issued by the respondent judge. The same was served on LRTA on the same day.

On April 25, 1997, LAL filed a "Motion to Cite the Defendant in Contempt", alleging that on April 22, 1997, in defiance of the court's Order of March 31, 1997 (sic), the defendant disconnected and cut off

the power supply to its sound system thereby disrupting and disturbing the regular programs and advertisements aired therein. The motion was set for hearing on April 29, 1997.

On April 28, 1997, LRTA filed a motion for postponement which was granted and the hearing was reset to May 15, 1997. However, the respondent judge issued an order dated April 29, 1997, the dispositive portion of which is as follows:

WHEREFORE, pending resolution of plaintiff's 'Motion To Cite Defendant In Contempt' which is calendared anew on May 15, 1997 at 8:30 A.M., defendant Light Rail Transit Authority as well as its counsel are hereby ORDERED to comply with the Order of this Court dated April 16, 1997 to cause the complete restoration of the sound system to its original status/condition immediately upon receipt hereof. Let this Order be served for prompt implementation by the Sheriff of this Court who is directed to submit his report/return on the action taken in this regard.

SO ORDERED. (p. 32, Rollo)

On April 30, 1997, the LRTA filed a motion for reconsideration of the said order.

On May 5, 1997, LAL filed another motion to cite Evangeline M. Razon, Geronima P. Anastacio and Atty. Moises S. Tolentino, [Jr.] for civil contempt, for refusing to comply with the order of the court dated April 29, 1997. The motion was requested to be submitted for[to] the court for proper decision "immediately upon receipt hereof".

On May 7, 1997, LRTA filed an opposition to the two motions to cite in contempt.

On May 13, 1997, the respondent judge issued the herein assailed order the dispositive portion of which is as follows:

WHEREFORE, this Court finds the defendants guilty of indirect contempt for defying the Orders of April 16 and 29, 1997 and the Writ of Preliminary Injunction issued in this case. Since the act committed can still be corrected or capable of being undone by the officers of the defendant corporation and/or its agents/operators themselves, let therefore a Warrant of Arrest be issued against the following persons, namely:

- 1) Evangeline M. Razon, Officer-in-charge, LRTA;
- 2) Geronima P. Anastacio, Head of LRTA, Legal Department;
and,
- 3) Moises S. Tolentino, [Jr.], General Manager, Metro Transit Organization, Operators of the LRT system.

for their apprehension and incarceration/imprisonment until such time when they have performed or cause to be performed the act complained of in this case, by reconnecting, replugging or reactivating plaintiff's sound system at all LRT facilities and restoring them in the same state and condition as it was on April 16, 1997.

SO ORDERED. (p. 25, Rollo)

Accordingly, warrants of arrest were issued against the persons named in the order. Motions to quash warrants of arrest were filed by LRTA, Evangeline M. Razon, [and] Geronima P. Anastacio. At the same time, the LRTA filed a motion for the respondent judge to inhibit himself from further hearing the case. ...^[3]

Atty. Moises S. Tolentino, Jr., General Manager of Metro Transit Organization (operators of the LRT system), then filed a special civil action for certiorari and prohibition (CA-G.R. SP No. 44227) on May 21, 1997, assailing the trial court's order dated May 13, 1997, finding him, Evangeline M. Razon, and Geronima P. Anastacio, guilty of indirect contempt and ordering the issuance of warrants of arrest against them. Atty. Tolentino contended that the trial court issued the orders in disregard of substantive and procedural due process.^[4]

Petitioner LRTA, meanwhile, filed a special civil action for *certiorari* (CA-G.R. SP No. 44220) on May 28, 1997, seeking the annulment of the following orders issued by the trial court: (1) Order dated April 29, 1997, ordering petitioner to comply with the trial court's Order dated April 16, 1997; and (2) Order dated May 13, 1997, denying petitioner's motion for reconsideration and finding Atty. Tolentino, Razon, and Anastacio, guilty of indirect contempt and ordering the issuance of warrants of arrest against them.

CA-G.R. SP Nos. 44220 and 44227 were thereafter consolidated as both involved related issues.^[5]

On February 26, 1999, the CA rendered its decision in the above-mentioned cases, the decretal portion of which reads:

WHEREFORE, the petitions filed in these cases are hereby GIVEN DUE COURSE, and judgment is hereby rendered ANNULLING AND SETTING ASIDE the Order dated May 13, 1997 and the warrants of arrest in connection therewith, issued by the respondent judge in Civil Case No. 97-0423.

SO ORDERED.^[6]

While the CA annulled the Order dated May 13, 1997 and the warrants of arrest issued by the trial court in Civil Case No. 97-0423, it nevertheless ruled that the writ of preliminary injunction issued by the trial court per Order dated April 16, 1997, as well as the Order dated April 29, 1997, is valid and binding.^[7]

Respondent then filed with the trial court a Motion to Enforce the Order dated April 16, 1997. Petitioner, on the other hand, filed a Manifestation asking that the

resolution of respondent's motion be suspended on the ground that there appears to be an inconsistency with the body and the dispositive portion of the CA's decision.^[8]

Notwithstanding petitioner's manifestation, the trial court issued an order dated April 7, 1999, granting respondent's motion and ordering petitioner to immediately restore the power supply to respondent's sound system within 24 hours.^[9] Petitioner filed a motion for reconsideration but the trial court denied it in another (second) order dated April 7, 1999.

On April 22, 1999, the trial court issued an order amending the second order dated April 7, 1999, to be dated April 20, 1999.^[10]

Thus, petitioner filed on April 22, 1999, another special civil action for *certiorari* (CA-G.R. SP No. 52382) with the CA, contesting the trial court's orders dated April 7, 1999 and April 20, 1999 (previously dated April 7, 1999).

Petitioner alleged that the assailed orders were issued with grave abuse of discretion, as these are not in accordance with the CA's decision dated February 26, 1999.^[11]

In the meantime, petitioner, on April 14, 1999, filed in CA-G.R. SP Nos. 44220 and 44227 a Motion for Clarification of Decision,^[12] but it was denied by the CA per Resolution dated May 21, 1999.^[13] Petitioner sought reconsideration but it was also denied per Resolution dated July 9, 1999,^[14] prompting petitioner to institute on July 29, 1999, a petition for *certiorari* with this Court, docketed as *G.R. Nos. 139275-76*.

The CA then promulgated its decision in CA-G.R. SP No. 52382 on November 12, 1999, dismissing the petition and affirming the assailed orders dated April 7, 1999 and April 20, 1999. Petitioner elevated the dismissal to this Court *via* petition for review filed on December 20, 1999, docketed as *G.R. No. 140949*.

On February 21, 2000, the Court ordered the consolidation of *G.R. Nos. 139275-76* and *G.R. No. 140949*.^[15]

In *G.R. Nos. 139275-76*, petitioner raises the following issues:

I

IF THE BODY OF THE DECISION IN THE SAID CONSOLIDATED CASES IS IN CONFLICT WHICH HAS BECOME FINAL CONFLICTS WITH THE DISPOSITIVE PORTION THEREOF, WHICH OF THEM SHALL PREVAIL?

II

CAN THE LIFETIME OF AN EXPIRED CONTRACT BE EXTENDED BY A PRELIMINARY INJUNCTION?^[16]

In *G.R. No. 140949*, the following: