

## THIRD DIVISION

[ G.R. No. 131020, July 20, 2000 ]

**PHILIPPINE ECONOMIC ZONE AUTHORITY, PETITIONER, VS.  
HON. BENJAMIN T. VIANZON, JUDGE, BRANCH 4, REGIONAL  
TRIAL COURT, BALANGA, BATAAN AND SAFFIROU SEACRAFTS,  
INC., RESPONDENTS.**

### D E C I S I O N

**GONZAGA-REYES, J.:**

This Petition for Review on *Certiorari* seeks the reversal of the Decision of the Court of Appeals<sup>[1]</sup> in CA-G.R. SP No. 44080 entitled "PHILIPPINE ECONOMIC ZONE AUTHORITY versus HON. BENJAMIN T. VIANZON, as Judge RTC of Balanga, Bataan, Branch 4 and SAFFIROU SEACRAFTS, INC.". The Court of Appeals affirmed the Order of the Regional Trial Court (RTC) granting the herein respondents Saffirou Seacrafts, Inc. (SSI) the writ of preliminary injunction which enjoined and restrained the Philippine Economic Zone Authority (PEZA) from enforcing and implementing its Board Resolution No. 97-023 and the "Notice of Cancellation, Termination and Demand to Vacate" pending the hearing of the case.

The following facts as found by the Court of Appeals are undisputed:

"It appears that on July 21, 1992 petitioner Philippine Economic Zone Authority and private respondent Saffirou Seacrafts, Inc. entered into a fifteen-year Registration Agreement under which petitioner leased to private respondent 1,500 square meters of land located in the Bataan Export Processing Zone for private respondent's business of manufacture and repair of seacrafts. The said agreement provided, among other things, for a schedule to be followed by private respondent, specifically, building construction and importation of machineries by July, 1992, and start of commercial operation by August, 1992.

On December 2, 1994, petitioner and private respondent entered into a Supplemental Agreement which provided, among other things, that the leased area shall only be used for launching or staging of private respondent's boats for export; construction of additional buildings for use as production facilities and for storage of materials and equipment; and construction of an administration building.

Allegedly, finding that private respondent has failed to comply with the above provisions of the agreements and after requiring private respondent's explanation, petitioner through its Board of Trustees promulgated a resolution on February 6, 1997 canceling the agreements and demanded from private respondent to vacate the leased premises within thirty (30) days from notice. Said Board resolution was received

by private respondent on February 13, 1997. Thus, on March 7, 1997, private respondent filed in the respondent court a petition for certiorari, prohibition, and mandamus with prayer for temporary restraining order and preliminary injunction against petitioner and its officers."<sup>[2]</sup>

The RTC issued a temporary restraining order<sup>[3]</sup> and on March 26, 1997 issued a writ of preliminary injunction enjoining and restraining the PEZA from enforcing and implementing its Board Resolution No. 97-023 and the "Notice of Cancellation, Termination and Demand to Vacate" pending the hearing of the case and until further notice from the court.<sup>[4]</sup>

From this Order, the PEZA appealed to the Court of Appeals, which affirmed the decision of the RTC and dismissed the petition for lack of merit.<sup>[5]</sup> Hence this petition where the PEZA raises the following argument for consideration:

**"The Court of Appeals erred in not finding that respondent Judge of the Regional Trial Court committed grave abuse of discretion in issuing the writ of preliminary injunction and thus acted without jurisdiction."<sup>[6]</sup>**

In support of its appeal, the PEZA maintains that the respondents had no factual or legal basis for the issuance of a preliminary injunction for said writ may only be issued if it is shown that the applicant has a clear and unmistakable right to protect. It cannot be granted when the alleged right is doubtful or disputed. In the case at bench, SSI allegedly lost its right to occupy the leased premises when it violated the terms of its agreement with PEZA. Under said agreement, the PEZA was allegedly authorized to cancel the same without need of judicial action. Thus, when the PEZA cancelled the agreement on January 22, 1997, it was merely exercising its right to do so. Considering that the PEZA validly cancelled the agreement, SSI no longer had a right to occupy the leased premises at the time it filed the case against PEZA and was therefore not entitled to the issuance of a writ of injunction as there was no existent right to protect.

In its Memorandum, the petitioner also assails the order of the RTC dated June 20, 1997 on the ground that it ministerially gives due course to and approves all SSI's import applications. Petitioner argues that each application for importation should be separately evaluated for the reason that the merits of an import application is primarily dependent on the nature of the material to be imported and the purpose for which it will be used. There was therefore no basis for the assailed order, which removes the PEZA's discretionary authority to determine the merits of an importation. The petitioner likewise assails the order of the RTC dated October 11, 1999, which ordered the release of a sailboat deeming it an export sale notwithstanding that such release under PEZA law does not qualify as exportation. The petitioner therefore prays that the trial court be enjoined from proceeding with Civil Case No. 025-ML as it is an undue judicial interference with the petitioner's exercise of its regulatory and police authority.

Finally, the petitioner alleges that it is not guilty of forum shopping inasmuch as the rule on forum shopping does not prevent a party from seeking relief by appeal to another court.<sup>[7]</sup>

The only issue properly raised for determination in the present case is whether or not the trial court properly issued an injunction.

We rule affirmatively and resolve to affirm the decision of the Court of Appeals.

Petitioner's main contention is that there was no legal basis for the issuance of an injunctive writ inasmuch as the respondent's did not have a clear and unmistakable right to protect. We disagree.

Injunction is a judicial writ, process or proceeding whereby a party is ordered to do or refrain from doing a particular act. An applicant for preliminary injunction must file a verified complaint showing facts entitling him to the relief demanded accompanied with a bond which shall answer for all the damages which the party sought to be enjoined may sustain by reason of the injunction.<sup>[8]</sup> It may be issued when the following requisites are established:

"1.....The invasion of the right is material and substantial;

2.....The right of complainant is clear and unmistakable;

3.....There is an urgent and permanent necessity for the writ to prevent serious damage."<sup>[9]</sup>

The foregoing requisites are present in this case.

The petitioner does not contest the validity of the contractual right of SSI as lessee but claims that said right was extinguished pursuant to Board Resolution No. 97-023 which cancelled and terminated SSI's right on the ground that SSI violated certain provisions in the Registration Agreement and Supplemental Agreement. It is also undisputed that SSI has possession over the subject property and in fact filed the action to prevent implementation of the demand made by the PEZA to vacate the leased premises since SSI claims that the PEZA's cancellation was unauthorized and is illegal. Verily, SSI has a clear and unmistakable right to protect its contractual right to lease the property lest it suffer business losses from its investments within the processing zone. We agree with the Court of Appeals that there was sufficient ground for the issuance of an injunction and we quote with approval said court's ratiocination to wit:

"There is no question that private respondent is simply protecting its right under the Registration Agreement and the Supplemental Agreement it entered into with the petitioner in praying for a writ of preliminary injunction. Under the said agreements, private respondent has the right to lease the premises in question from 1992 to 2007 or for a period of fifteen years. When petitioner demanded of private respondent to vacate the leased premises in 1997, the latter had still ten (10) years to go under the said agreements. Thus, in filing the instant case for injunction, private respondent was just protecting its right as a lessee under the said agreements with petitioner.

Private respondent's right as a lessee of the premises in question is clear and unmistakable as evidenced by the Retainer (sic) Agreement and Supplemental Agreement with the petitioner, granting private respondent