

## SECOND DIVISION

[ G.R. No. 106427, October 21, 1996 ]

**INTER-ASIA SERVICES CORP. (INTERNATIONAL), PETITIONER,  
VS. THE HONORABLE COURT OF APPEALS SPECIAL FIFTEENTH  
DIVISION AND NINYO AQUINO INTERNATIONAL AIRPORT  
AUTHORITY, RESPONDENTS.**

### D E C I S I O N

**ROMERO, J.:**

This is a petition for review on certiorari of the decision<sup>[1]</sup> of the Court of Appeals in CA-G.R. SP No. 25226 which reversed the orders of Judge Fernando V. Gorospe, Jr. of the Regional Trial Court of Makati, Branch 61, dated March 27, 1991 and April 17, 1991 that issued a temporary restraining order and a writ of preliminary injunction, respectively.

The facts are as follows:

Petitioner Inter-Asia Services Corp. (herein referred to as Inter-Asia) and private respondent Manila International Airport Authority (now Ninoy Aquino International Airport Authority and herein referred to as NAIAA) entered into a contract of lease on June 2, 1986. The contract allowed petitioner Inter-Asia to operate and maintain parking lots 1 and 2 fronting the main airport building for a period of four (4) years from July 14, 1986 up to July 14, 1990, renewable thereafter at the option of NAIAA.

As early as February 26, 1990, private respondent informed petitioner of its plan to improve the passenger arrival area by constructing a multi-level parking facility in the leased premises. The former again notified the latter of said plan on May 8, 1990, or approximately two months before the expiration of the lease agreement. The same month, Inter-Asia alleged that NAIAA segregated and occupied a 9,000 square-meter portion of the subject parking area without prior notice. The latter allegedly justified its action with the explanation that it intended to construct a multi-deck edifice for arrival of passengers and for their well-wishers.

For the third time, NAIAA informed Inter-Asia on June 7, 1990, or one month before the expiration of the contract, about its intention not to renew the contract and to take over the area effective July 15, 1990. Accordingly, it advised Inter-Asia to wind up its business. Inter-Asia, however, responded by submitting a proposal to upgrade its facilities and requested that "the status quo" be maintained while its proposal was being considered.

NAIAA favorably acted on the proposal by allowing Inter-Asia to operate the parking lots up to January 31, 1991. On December 26, 1990, or more than a month before the last deadline given, the latter was again reminded of the former's intention to

take over the premises and accordingly advised the latter to finish its business.

A request for an extension up to March 31, 1991 was again granted. However, NAIAA informed Inter-Asia that it was definitely taking over the parking lots on April 1, 1991.

On March 27, 1991, petitioner Inter-Asia went to court and files a complaint for specific performance and damages with prayer for a writ of preliminary injunction. On April 1, 1991, petitioner refused to leave the leased premises.

In its complaint, Inter-Asia alleged that NAIAA threatened to eject it from the parking area despite an alleged provision in the contract of leased allowing the former to operate and maintain a restaurant and food kiosk in the parking area. It further alleged that private respondent violated said provision to its detriment.

Thereafter, the lower court, after finding probable cause, issued the assailed writ of preliminary injunction on April 17, 1991 enjoining private respondent from terminating or prohibiting the petitioner from operating parking lots 1 and 2, as well as the restaurant and food kiosk business inside the parking area, in order to maintain the status quo during the pendency of the case.<sup>[2]</sup>

The lower court ruled that most of the grounds relied upon were evidentiary in nature which needed to be litigated. It also ruled that a party could not unilaterally terminate a bilateral contract without judicial intervention to determine whether the grounds for termination were valid or not.

On June 25, 1991, private respondent filed a petition for certiorari before the Court of Appeals questioning the injunctive relief granted by the lower court and praying that Judge Fernando V. Gorospe, Jr. (RTC, Branch 61-Makati) be temporarily enjoined from implementing the writ he issued. On June 26, 1991, the Court of Appeals issued a temporary restraining order enjoining the trial Judge from implementing the orders he issued. On the basis of such temporary restraining order, private respondent took possession of the premises.

On July 19, 1991, the Court of Appeals issued its own writ of preliminary injunction prohibiting Judge Gorospe from enforcing the writ of preliminary injunction. It also enjoined petitioner from operating its business in parking area nos. 1 and 2 until further orders.

Despite the orders of the Court of Appeals, Judge Gorospe issued on December 5, 1991 an order for private respondent to return to petitioner the possession of the subject premises allegedly to maintain the status quo. On December 12, 1991, the Court of Appeals issued an order enjoining Judge Gorospe from enforcing his order dated December 5, 1991 or from further proceeding with the case.

On December 23, 1991, the Court of Appeals rendered its decision enjoining Inter-Asia from possessing the leased premises and from maintaining and/or operating its parking and restaurant business until final judgment is rendered. Petitioner's motion for reconsideration was denied on July 21, 1992. The Court of Appeals expressed the view that by its own terms, the contract of lease indubitably shows that it expired on July 14, 1990. In the absence of an existing contract, petitioner has no legal right to speak of which the trial Judge could protect by the writ of

preliminary injunction. It also ruled that the extensions granted to petitioner cannot be considered as valid renewals of the lease agreement.<sup>[3]</sup>

Hence, this petition. Petitioner assigns the following errors by the Court of Appeals:

#### "ASSIGNMENT OF ERRORS

I. THE HONORABLE RESPONDENT COURT EXCEEDED ITS JURISDICTION WHEN IT DECIDED THE ISSUE OF POSSESSION WHICH IS WITHIN THE EXCLUSIVE AND ORIGINAL JURISDICTION OF THE METROPOLITAN TRIAL COURT.

II. THE HONORABLE RESPONDENT COURT GRAVELY ABUSED ITS DISCRETION AND VIOLATED SUBSTANTIVE LAW AND THE CONSTITUTIONAL GUARANTEE OF DUE PROCESS.

III. THE HONORABLE RESPONDENT COURT GRAVELY ABUSED ITS DISCRETION WHEN IT GAVE DUE COURSE TO THE PETITION OF THE RESPONDENT NAIAA

IV. THE HONORABLE RESPONDENT COURT GRAVELY ABUSED ITS DISCRETION WHEN IT CONDONED THE MISUSE OF ITS TEMPORARY RESTRAINING ORDER AS A MEANS TO RECOVER POSSESSION WRONGFULLY BY THE RESPONDENT NAIAA.

Petitioner Inter-Asia argues that the Court of Appeals exceeded its jurisdiction when it decided the issue of possession independently because the matter of possession has been granted exclusively and originally to the Metropolitan Trial Court in accordance with Rule 70 of the Rules of Court. It also argues that the Court of Appeals violated the constitutional protection against deprivation of property without due process of law, since it acted without benefit of trial and presentation of evidence. It asserts that the Court of Appeals should not have entertained private respondent's petition as the trial court still has to resolve the matter on the merits of the case. Lastly, petitioner contends that the Court of Appeals condoned the misuse of its temporary restraining order when private respondent forcibly recovered possession of the leased premises.

By filing the instant petition, petitioners is in effect questioning the grant by the Court of Appeals of the injunctive relief to private respondent. The resolution, therefore, of the issue of whether or not the Court of Appeals erred in finding the trial court to have abused its discretion in issuing the writ of preliminary injunction which restrained private respondent from terminating the lease contract or operating parking lots 1 and 2, as well as the restaurant and food kiosk business, necessarily hinges on the issue of whether or not petitioner should be allowed to continue occupying the land as lessee. In other words, the issue is whether or not petitioner was entitled to the preservative remedy of injunction granted it by the trial court.

This Court, in the case of Del Rosario v. Court of Appeals,<sup>[4]</sup> clarified that:

". . . injunction is a preservative remedy for the protection of substantive rights or interest. It is not a cause of action in itself but merely a

provisional remedy, an adjunct to a main suit. The controlling reason for the existence of the judicial power to issue the writ is that the court may thereby prevent a threatened or continuous irremediable injury to some of the parties before their claims can be thoroughly investigated and advisedly adjudicated. It is to be resorted to only when there is a pressing necessity to avoid injurious consequences which cannot be remedied under any standard of compensation. The application of the writ rests upon an alleged existence of an emergency or of a special reason for such an order before the case can be regularly heard, and the essential conditions for granting such temporary injunctive relief are that the complaint alleges facts which appear to be sufficient to constitute a cause of action for injunction and that on the entire showing from both sides, it appears, in view of all the circumstances, that the injunction is reasonably necessary to protect the legal rights of plaintiff pending the litigation.

A preliminary injunction may be granted at any time after the commencement of the action and before judgment when it is established that the defendant is doing, threatens, or is about to do, or is procuring or suffering to be done, some act probably in violation of the plaintiff's rights."<sup>[5]</sup>

In the case of Government Service Insurance System v. Florendo,<sup>[6]</sup> this Court held that in the issuance of a writ of preliminary injunction, the courts are given sufficient discretion to determine the necessity for the grant of the relief prayed for as it affects the respective rights of the parties, with the caveat that extreme caution be observed in the exercise of such discretion.<sup>[7]</sup> It is also a settled rule that the issuance of the writ of preliminary injunction as an ancillary or preventive remedy to secure the rights of a party in a pending case is entirely within the discretion of the court taking cognizance of the case, the only limitation being that this discretion should be exercised based upon the grounds and in the manner provided by law. The exercise of sound judicial discretion by the lower court in injunctive matters should not be interfered with except in cases of manifest abuse.<sup>[8]</sup>

Thus, there is manifest abuse of discretion in the issuance of said writ if the following requisites provided by law for its issuance are not present: (1) there must be a right in esse or the existence of a right to be protected; and (2) the act against which the injunction is to be directed is a violation of such right.<sup>[9]</sup> Hence, it should only be granted if the party asking for it is clearly entitled thereto.<sup>[10]</sup>

Petitioner insists that it has a right to be maintained in the leased premises arguing that it is entitled to a renewal of the contract on the following grounds: (1) private respondent's officials allegedly assured it "informally and verbally" that the lease contract would be renewed and (2) on the basis of said assurance, it allegedly made financial investments in the improvements, introduced in the parking area.<sup>[11]</sup>

In issuing the assailed order, the trial court reasoned out that: (1) most of the grounds relied upon for termination are evidentiary in nature, and (2) a party could not unilaterally terminate a bilateral contract without judicial intervention to determine whether the grounds for termination are valid or not.<sup>[12]</sup>